

1 DANIEL H. REISS (State Bar No. 150573)  
J.P. FRITZ (State Bar No. 245240)  
2 LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.  
3 10250 Constellation Boulevard, Suite 1700  
Los Angeles, California 90067  
4 Telephone: (310) 229-1234  
Facsimile: (310) 229-1244  
5 Email: DHR@LNBYB.COM; JPF@LNBYB.COM

6 Attorneys for Debtors  
7 and Debtors in Possessions

8 **UNITED STATES BANKRUPTCY COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA**  
10 **SAN FERNANDO VALLEY DIVISION**

11 In re: ) Lead Case No.: 1:13-bk-14678-AA  
12 ARI-RC 6, LLC, ) Jointly administered with case numbers:  
Debtor and Debtor in Possession. )  
13 ) 1:13-bk-14697-AA 1:13-bk-15131-AA  
14 ) 1:13-bk-14692-AA 1:13-bk-15133-AA

15 In re: ) 1:13-bk-14694-AA 1:13-bk-15169-AA  
16 ) 1:13-bk-14695-AA 1:13-bk-15868-AA  
17 ARI-RC 12, LLC ARI-RC 4, LLC ) 1:13-bk-15108-AA 1:13-bk-15869-AA  
18 ARI-RC 14, LLC ARI-RC 16, LLC ) 1:13-bk-15109-AA 1:13-bk-15871-AA  
19 ARI-RC 21, LLC ARI-RC 13, LLC ) 1:13-bk-15111-AA 1:13-bk-15872-AA  
20 ARI-RC 23, LLC ARI-RC 2, LLC ) 1:13-bk-15112-AA 1:13-bk-15873-AA  
21 ARI-RC 3, LLC ARI-RC 5, LLC ) 1:13-bk-15113-AA 1:13-bk-15875-AA  
22 ARI-RC 17, LLC ARI-RC 8, LLC ) 1:13-bk-15115-AA 1:13-bk-15876-AA  
23 ARI-RC 18, LLC ARI-RC 10, LLC ) 1:13-bk-15116-AA 1:13-bk-15877-AA  
24 ARI-RC 33, LLC ARI-RC 19, LLC ) 1:13-bk-15117-AA 1:13-bk-15878-AA  
25 ARI-RC 27, LLC ARI-RC 20, LLC ) 1:13-bk-15118-AA 1:13-bk-15879-AA  
26 ARI-RC 15, LLC ARI-RC 22, LLC ) 1:13-bk-15126-AA 1:13-bk-15881-AA  
27 ARI-RC 7, LLC ARI-RC 26, LLC ) 1:13-bk-15129-AA 1:13-bk-15883-AA  
28 ARI-RC 25, LLC ARI-RC 31, LLC )  
ARI-RC 24, LLC ARI-RC 34, LLC ) Chapter 11 Cases  
ARI-RC 1, LLC ARI-RC 35, LLC )  
ARI-RC 11, LLC ARI-RC 30, LLC )

29 Debtors and Debtors in Possession. ) **DISCLOSURE STATEMENT AND**  
30 ) **PLAN OF REORGANIZATION FOR**  
31 ) **JOINTLY ADMINISTERED DEBTORS,**  
32 ) **DATED OCTOBER 15, 2013**

33  Affects All Debtors )  
34 ) Disclosure Statement Hearing:  
35  Affects These Particular Debtors: ) Date: November 20, 2013  
36 ) Time: 10:00 a.m.  
37 ) Place: Courtroom 303  
38 ) 21041 Burbank Blvd.

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) Woodland Hills, CA 91367  
) Plan Confirmation Hearing:  
) Date: [To be scheduled]  
) Time: [To be scheduled]  
) Place: Courtroom 303  
) 21041 Burbank Blvd.  
) Woodland Hills, CA 91367  
)

**TABLE OF CONTENTS**

1

2 **I. INTRODUCTION.....1**

3 **II. GENERAL DISCLAIMER AND VOTING PROCEDURE.....2**

4 **III. WHO MAY OBJECT TO CONFIRMATION OF THE PLAN.....3**

5 **IV. WHO MAY VOTE TO ACCEPT OR REJECT THE PLAN .....3**

6 **V. VOTES NECESSARY TO CONFIRM THE PLAN .....4**

7 **VI. INFORMATION REGARDING VOTING IN THIS CASE .....5**

8 **VII. DESCRIPTION OF DEBTOR'S PAST AND FUTURE BUSINESS AND**

9 **EVENTS PRECIPITATING BANKRUPTCY FILING .....5**

10

11 **VIII. CRITICAL PLAN PROVISIONS .....10**

12 **IX. DESCRIPTION AND TREATMENT OF CLAIMS .....11**

13 **X. SOURCE OF MONEY TO PAY CLAIMS AND INTEREST-HOLDERS.....28**

14 **XI. FINANCIAL RECORDS TO ASSIST IN DETERMINING WHETHER**

15 **PROPOSED PAYMENT IS FEASIBLE .....30**

16 **XII. ASSETS AND LIABILITIES OF THE ESTATE.....30**

17 **XIII. TREATMENT OF NONCONSENTING CLASSES.....30**

18 **XIV. TREATMENT OF NONCONSENTING MEMBERS OF CONSENTING**

19 **CLASS (CHAPTER 7 LIQUIDATION ANALYSIS).....31**

20 **XV. FUTURE DEBTOR.....33**

21 **XVI. SALE OR TRANSFER OF PROPERTY; ASSUMPTION OF CONTRACTS**

22 **AND LEASES; OTHER PROVISIONS .....35**

23 **XVII. BANKRUPTCY PROCEEDINGS .....36**

24 **XVIII. TAX CONSEQUENCES OF PLAN .....38**

25 **XIX. EFFECT OF CONFIRMATION OF PLAN .....39**

26 **XX. DECLARATION IN SUPPORT OF DISCLOSURE STATEMENT AND PLAN..42**

27

28

**TABLE OF AUTHORITIES**

	<b>Page(s)</b>
<b>1</b>	
<b>2</b>	
<b>STATUTES</b>	
<b>3</b>	
11 U.S.C. § 201 .....	14
11 U.S.C. § 301 .....	14
<b>4</b>	
11 U.S.C. § 303 .....	14
11 U.S.C. § 365(b)(1)(A) .....	3
<b>5</b>	
11 U.S.C. § 366(b) .....	29
11 U.S.C. § 523(a)(2)(A) .....	31
<b>6</b>	
11 U.S.C. § 523(a)(2)(B).....	31
<b>7</b>	
11 U.S.C. § 1115 .....	21
11 U.S.C. § 1122(b) .....	14
<b>8</b>	
11 U.S.C. § 1123(b)(3).....	31
11 U.S.C. § 1127 .....	31
<b>9</b>	
11 U.S.C. § 1129(b)(2)(B)(ii).....	21
<b>10</b>	
11 U.S.C. § 1141(d)(3).....	31
<b>11</b>	
<b>OTHER AUTHORITIES</b>	
<b>12</b>	
Fed. R. Bankr. P. 3018(d).....	4

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**14**  
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**I. INTRODUCTION**

This plan and disclosure statement encompasses thirty-one voluntary bankruptcy petitions (each a "Petition") under Chapter 11 of the Bankruptcy Code (the "Code") filed by tenants in common (collectively, the "Debtors" or the "Proponents", and each a "TIC") that own certain undivided interests in certain real property, as described in greater detail below. On July 15, 2013 (the "First Wave Petition Date") the following TICs filed a Petition: ARI-RC 6, LLC, ARI-RC 12, LLC, ARI-RC 14, LLC, ARI-RC 21, LLC and ARI-RC 23, LLC; on August 1 and 2, 2013, the following TICs filed a Petition, as follows: ARI-RC 3, LLC, ARI-RC 17, LLC, ARI-RC 18, LLC, ARI-RC 33, LLC, ARI-RC 27, LLC, ARI-RC 15, LLC, ARI-RC 7, LLC, ARI-RC 25, LLC, ARI-RC 24, LLC, ARI-RC 1, LLC (all of the foregoing having filed on August 1), ARI-RC 11, LLC, ARI-RC 4, LLC, ARI-RC 16, LLC, ARI-RC 13, LLC (having filed on August 2) (the "Second Wave Petition Dates"); and on September 9, 2013, the following TICs filed a Petition: ARI-RC 2, LLC, ARI-RC 5, LLC, ARI-RC 8, LLC, ARI-RC 10, LLC, ARI-RC 19, LLC, ARI-RC 20, LLC, ARI-RC 22, LLC, ARI-RC 26, LLC, ARI-RC 30, LLC, ARI-RC 31, LLC, ARI-RC 34, LLC, and ARI-RC 35 (the "Third Wave Petition Date", and together with the First and Second Wave Petition Dates, the "Petition Date").

The document you are reading is both the Plan of Reorganization (the "Plan") and the Disclosure Statement (the "Disclosure Statement"). The Debtors have proposed the Plan to treat the claims of the Debtors' creditors and, if applicable, the interests of shareholders, partners or other equity holders and to reorganize the Debtors' business affairs. A disclosure statement describes the assumptions that underlie the Plan and how the Plan will be executed. The Bankruptcy Court (the "Court") has approved the form of this document as an adequate disclosure statement, containing enough information to enable parties affected by the Plan to make an informed judgment about the Plan. The Court has not yet confirmed the Plan, which means the terms of the Plan are not now binding on anyone.

The Proponent has reserved \_\_\_\_\_, 2014 in Courtroom 303 for a hearing to determine whether the Court will confirm the Plan.

1 Any interested party desiring further information should contact:

2  
3 Levene, Neale, Bender, Yoo & Brill L.L.P.  
4 10250 Constellation Blvd., Suite 1700  
5 Los Angeles, CA 90067  
6 Tel: (310) 229-1234  
7 Fax: (310) 229-1244  
8 Attention: Daniel H. Reiss and J.P. Fritz

9 **II. GENERAL DISCLAIMER AND VOTING PROCEDURE**

10 PLEASE READ THIS DOCUMENT, INCLUDING THE ATTACHED EXHIBITS,  
11 CAREFULLY. IT EXPLAINS WHO MAY OBJECT TO CONFIRMATION OF THE PLAN.  
12 IT EXPLAINS WHO IS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN. IT  
13 ALSO TELLS ALL CREDITORS AND ANY SHAREHOLDERS OR PARTNERS WHAT  
14 TREATMENT THEY CAN EXPECT TO RECEIVE UNDER THE PLAN, SHOULD THE  
15 PLAN BE CONFIRMED BY THE COURT.

16 THE SOURCES OF FINANCIAL DATA RELIED UPON IN FORMULATING THIS  
17 DOCUMENT ARE SET FORTH IN THE DECLARATIONS APPENDED HERETO. ALL  
18 REPRESENTATIONS ARE TRUE TO THE PROPONENT'S BEST KNOWLEDGE.

19 NO REPRESENTATIONS CONCERNING THE DEBTORS THAT ARE  
20 INCONSISTENT WITH ANYTHING CONTAINED HEREIN ARE AUTHORIZED EXCEPT  
21 TO THE EXTENT, IF AT ALL, THAT THE COURT ORDERS OTHERWISE.

22 After carefully reviewing this document and the attached exhibits, please vote on the  
23 enclosed ballot and return it in the enclosed envelope.

24 The Proponents have reserved a hearing date for a hearing to determine whether the  
25 Court will confirm the Plan. Please refer to Section I above for the specific hearing date. If,  
26 after receiving the ballots, it appears that the Proponents have the requisite number of votes  
27 required by the Code, the Proponents will file a motion for an order confirming the Plan.

28 The Motion shall at least be served on all impaired creditors and partners or shareholders  
who reject the Plan and on the Office of the United States Trustee. Any opposition to the Motion

1 shall be filed and served on the Proponents and the Office of the United States Trustee no later  
2 than eleven days prior to the hearing date. Failure to oppose the confirmation of the Plan may be  
3 deemed consent to the Plan's confirmation.

4 **III. WHO MAY OBJECT TO CONFIRMATION OF THE PLAN**

5 Any party in interest may object to confirmation of the Plan, but, as explained below, not  
6 everyone is entitled to vote to accept or reject the Plan.

7 **IV. WHO MAY VOTE TO ACCEPT OR REJECT THE PLAN**

8 It requires both an allowed and impaired claim or interest in order to vote either to accept  
9 or reject the Plan. A claim is defined by the Code to include a right to payment from the  
10 Debtors. An interest represents an ownership stake in the Debtor.

11 In order to vote a creditor or interest-holder must first have an allowed claim or interest.  
12 With the exceptions explained below, a claim is allowed if proof of the claim or interest is  
13 properly filed before any bar date and no party in interest has objected, or if the court has entered  
14 an order allowing the claim or interest. Please refer to Section VI below for specific information  
15 regarding bar dates in this case.

16 Under certain circumstances a creditor may have an allowed claim even if a proof of  
17 claim was not filed and the bar date for filing a proof of claim has passed. A claim is deemed  
18 allowed if the claim is listed on the Debtor's schedules and is not scheduled as disputed,  
19 contingent, or unliquidated. Exhibit "A" contains a list of claims that are not scheduled as  
20 disputed, contingent, or unliquidated.

21 Similarly, an interest is deemed allowed if it is shown on the list of equity security  
22 holders filed by the Debtor with the court and is not scheduled as disputed.

23 In order to vote, an allowed claim or interest must also be impaired by the Plan.

24 Impaired creditors include those whose legal, equitable, and contractual rights are altered  
25 by the Plan, even if the alteration is beneficial to the creditor. A contract provision that entitles a  
26 creditor to accelerated payment upon default does not, however, necessarily render the claimant  
27 impaired, even if the Debtor defaulted and the Plan does not provide the creditor with accelerated  
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1 payment. The creditor is deemed unimpaired so long as the Plan cures the default, reinstates the  
2 maturity of such claim as it existed before default, compensates for any damages incurred as a  
3 result of reasonable reliance upon the acceleration clause, and (except for a default arising from  
4 failure to operate a nonresidential lease subject to 11 U.S.C. § 365(b)(1)(A)) compensates for  
5 any actual pecuniary loss incurred as a result of any failure to perform a non-monetary  
6 obligation.

7 Impaired interest-holders include those whose legal, equitable, and contractual rights are  
8 altered by the Plan, even if the alteration is beneficial to the interest holder.

9 There are also some types of claims that the Code requires be treated a certain way. For  
10 that reason they are considered unimpaired and therefore holders of these claims cannot vote.

11 To summarize, there are two prerequisites to voting: a claim or interest must be both  
12 allowed and impaired under the Plan.

13 If a creditor or interest-holder has an allowed and impaired claim or interest, then he or  
14 she may vote either to accept or reject the Plan (unimpaired claimants or interest-holders are  
15 deemed to have accepted the Plan). Impaired claims or interests are placed in classes and it is  
16 the class that must accept the Plan. Members of unimpaired classes do not vote, although as  
17 stated above, they may object to confirmation of the Plan. Even if all classes do not vote in favor  
18 of the Plan, the Plan may nonetheless be confirmed if the dissenting classes are treated in a  
19 manner prescribed by the Code. Please refer to Section VI below for information regarding  
20 impaired and unimpaired classes in this case.

21 Section IX sets forth which claims are in which class. Secured claims are placed in  
22 separate classes from unsecured claims. Fed. R. Bankr. P. 3018(d) provides: "A creditor whose  
23 claim has been allowed in part as a secured claim and in part as an unsecured claim shall be  
24 entitled to accept or reject a plan in both capacities."

## 25 **V. VOTES NECESSARY TO CONFIRM THE PLAN**

26 The Court may confirm the Plan if at least one noninsider impaired class of claims has  
27 accepted and certain statutory requirements are met as to both nonconsenting members within a  
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1 consenting class and as to dissenting classes. A class of claims has accepted the Plan when more  
2 than one-half in number and at least two-thirds in amount of the allowed claims actually voting,  
3 vote in favor of the Plan. A class of interests has accepted the Plan when at least two-thirds in  
4 amount of the allowed interests of such class actually voting have accepted it. It is important to  
5 remember that even if the requisite number of votes to confirm the Plan are obtained, the Plan  
6 will not bind the parties unless and until the Court makes an independent determination that  
7 confirmation is appropriate. That is the subject of any upcoming confirmation hearing.

8 **VI. INFORMATION REGARDING VOTING IN THIS CASE**

9 The bar date for filing a proofs of claim in these cases is November 15, 2013.

10 The bar date for objecting to claims has not been set.

11 In this case, and based on the descriptions provided above, the Proponent believes that  
12 classes 2 through 5 are impaired and therefore entitled to vote. Class 1, relating to real property  
13 taxes, Class 6, relating to tenants holding claims for security deposits, and Class 7, relating to co-  
14 debts owed by the TICs to each other as co-debtors on their debts are unimpaired and therefore  
15 do not vote. A party that disputes the Proponents' characterization of its claim or interest as  
16 unimpaired may request a finding of impairment from the Court in order to obtain the right to  
17 vote.

18 Ballots must be received by the Proponent, addressed to Levene, Neale, Bender, Yoo &  
19 Brill L.L.P., 10250 Constellation Blvd., Suite 1700, Los Angeles, CA 90067, Attention: J.P.  
20 Fritz, by \_\_\_\_\_, 2014.

21 **VII. DESCRIPTION OF DEBTOR'S PAST AND FUTURE BUSINESS AND EVENTS**

22 **PRECIPITATING BANKRUPTCY FILING**

23 The Debtors own tenant in common interests (the "TIC Interests") in certain improved  
24 real property located at 1525 and 1535 Rancho Conejo Boulevard, Thousand Oaks, California  
25 (the "Property"). Holders of TIC Interests are hereinafter referred to as "TICs". The Property  
26 consists of land and two buildings. The Property was initially acquired on November 16, 2006  
27 for a purchase price of \$31,875,000.  
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1 The Property consists of land and two commercial buildings. The 1525 building is a  
2 Class “B”, two-story office building with interior space of 61,917 square feet. The 1525 building  
3 was built in 1982 and had an exterior remodel in 2000 and interior remodel in 2005. The 1535  
4 building is a single-story office/research and development building with about 97,220 square  
5 feet. The 1535 building was built in 1961 and had an exterior remodel in 2000 and an interior  
6 remodel in 2003. The two buildings, with the associated parking area to accommodate 615  
7 vehicles, are situated on a parcel of about 14.16 acres within the Conejo Spectrum Business Park  
8 (the “Business Park”), a 100-acre business park which is primarily “flex office”.

9 What follows is a brief summary of the dates and circumstances that led Debtor to file  
10 bankruptcy.

11 Economic conditions beyond the control of the Debtors have caused the value of the  
12 Property to steeply decline since its acquisition. This decline is due to the general decline in real  
13 estate values in “B” office building space in outlying areas such as Thousand Oaks in the last  
14 several years, as well as a severe reduction in lease rates for the Property and other similar space  
15 in the Business Park.

16 The Debtors’ two largest tenants are Amgen and Ceres, Inc. Amgen is the world’s  
17 largest independent biotechnology firm. Founded in 1980, they are the largest employer in the  
18 city of Thousand Oaks. Amgen has total assets of over \$48 billion and employs over 17,000  
19 people in forty four countries. The space Amgen occupies at the property is used for corporate  
20 training. Ceres is a publicly-traded agricultural biotechnology company that markets seeds for  
21 energy crops used in the production of renewable transportation fuels, electricity and bio-based  
22 products. Founded in 1996, Ceres is headquartered in Thousand Oaks, California. Ceres’s  
23 products include switchgrass, sorghum, miscanthus, and energycane.

24 Although the Debtors have recently entered into new leases with Amgen and Ceres, these  
25 leases are rates below that which was necessary to service both the Property’s secured debt and  
26 ongoing expenses under the terms of its pre-petition loan agreements. Coupled with the loss of  
27 Philips Electronics as a tenant of the Property in September 2013, the Debtors projected a  
28

1 negative cash flow in each of the next five years of approximately \$3.66 million under its  
2 prepetition loan obligations and absent a restructuring of the Debtors' debt obligations.

3 The Property is professionally managed by TNP Property Management, LLC ("TNP"),  
4 which renders property management services pursuant to that certain Sub-Management  
5 Agreement dated March 4, 2011 (the "Management Agreement"). Among other things, TNP  
6 collects all rents, pays all vendors and utilities, handles all maintenance responsibilities with  
7 respect to the Property, purchases and maintains all insurance on the Property, makes  
8 expenditures in the ordinary course of maintaining the property, and handles the leasing activities  
9 associated with the Property. The Debtors do not hold any equity or other interest in TNP.

10 Having an experienced, independent third-party property manager, which is not affiliated  
11 with the Debtors, ensures professional management of the Property for the benefit of the  
12 Debtors' bankruptcy estate and creditors. This professional management maintains the value of  
13 the Property as the Lender's (defined below) collateral, and also ensures proper use of the lease  
14 revenues from the Property. This structure helps ensure that the Lender's cash collateral is not  
15 subject to diversion or misuse, and that it is being used in accordance with the needs of the  
16 Property.

17 The Property is currently encumbered by a loan originated by Countrywide Commercial  
18 Real Estate Financial, Inc., in the original amount of \$23,437,500 (the "Loan"). The Loan is a  
19 ten-year loan with a maturity date of December 12, 2016. The non-default interest rate under the  
20 Loan is 6.21%. The Loan was interest-only through December, 2011, and then commencing in  
21 January 2012, principal and interest was due until maturity with amortization calculated based on  
22 a 360-month period. The Debtors are informed and believe that the Loan is currently held by  
23 U.S. Bank National Association, as Trustee for the Registered Holders of ML-CFC Commercial  
24 Mortgage Trust 2007-5 (hereafter, the "Lender").

25 The Loan was made pursuant to that certain Promissory Note dated November 16, 2006  
26 and purports to be secured by that certain "Deed of Trust, Assignment of Rents, Security  
27 Agreement and Fixture Filing" of the same date filed against the Property. Based on the notice  
28

1 of default issued by the Lender's special servicer CWC Capital Asset Management LLC, as of  
2 April 25, 2013, the principal amount owed on the Loan was purported to be \$23,146,116.34.  
3 Interest purports to be accruing at a default rate of 11.21%. Despite attempts to reach out to the  
4 Lender to consensually resolve the defaults under the Loan and to restructure the obligations to  
5 the Lender, such efforts have been to no avail. The Debtors submit that the Lender substantially  
6 overstates its claim in this bankruptcy case because it includes a purported prepayment penalty of  
7 over \$4.5 million (even though there has been no prepayment). The Debtors' position with  
8 respect to this prepayment charge is discussed below.

9 Due to the foregoing economic conditions, the Property did not generate sufficient  
10 revenues to meet the Debtors' obligations under the Loan. The Lender declared a default in  
11 April 2013 and alleged that the Loan was accelerated and is due and payable. The Lender  
12 alleged that interest is accrued at the default rate of interest, which is 11.21%, five percent above  
13 the non-default rate. On July 15, 2013, the Debtors received notice that the Lender had  
14 commenced a state court action on July 9, 2013 entitled U.S. Bank National Association v. ARI-  
15 Conejo I & II, et al., Case No. 56-2013-00438946-CU-OR-VTA, and that the Lender would seek  
16 appointment of a receiver on July 16, 2013. Because the Debtors believe that the Property's  
17 value can best be preserved by way of filing for bankruptcy protection under chapter 11, the  
18 Debtors filed these voluntary bankruptcy cases.

19 Based on a recent appraisal of the Property, the Debtors are informed and believe that the  
20 current value of the Property is \$12,800,000. See Exhibit "E" hereto.

21 What follows is a **brief** description of the Debtor's business and future business plans. Further  
22 details relating to the Debtor's financial condition and post-confirmation operation of the Debtor  
23 are found in sections X, XI, XII, XVI, and XV.

24 Although the Property's value has declined substantially since its acquisition in 2006, the  
25 Debtors believe that the value of the Property has now stabilized and is being well-managed so  
26 that the Property's value will be preserved so long as the status quo is maintained. The Debtors  
27 believe that this status quo is best maintained by way of these chapter 11 proceedings and a  
28

1 restructuring of the debt encumbering the Property. It is anticipated that a new tenant, Foster  
2 Wheeler, will move into the Property and occupy approximately 2,490 square feet. This new  
3 five year lease is estimated to commence in November 2013 after certain tenant improvements  
4 are completed, which will add revenue to the Debtors' operations.

5 The TICs' collective ownership of the Property is controlled by a Tenants In Common  
6 Agreement (the "TIC Agreement").<sup>1</sup> In or about 2006, thirty-five separate limited liability  
7 companies entered into and executed the TIC Agreement. The TIC Agreement establishes and  
8 governs the relationship between the thirty-five TICs and for the management of the Property.  
9 This Plan is premised on the consolidation of all interests in the Property into single limited  
10 liability company, which company will own a 100% ownership interest in the Property (the  
11 "Reorganized Debtor"). There are a number of mechanisms at the Debtors' disposal for this to  
12 occur, which will be consummated no later than the Effective Date. First, the TICs owning  
13 5.94% of the Property that are not currently debtors in possession (the "Non-Debtor TICs",  
14 whose interests in the Property shall be referred to herein as the "Non-Debtor TIC Interests")  
15 will consent and cooperate with respect to the contribution of their ownership interests to the  
16 Reorganized Debtor and the Court's exercise of jurisdiction. Under the TIC Agreement, a TIC  
17 can consent by way of an affirmative act or may be deemed to be obtained if no response is  
18 received. This consent will include consent to this Court's jurisdiction over the assets and  
19 liabilities of the TIC.<sup>2</sup>

20 Alternatively, call rights under Section 2 of that certain Call Agreement among the TICs  
21

---

22 <sup>1</sup> The TIC Agreement was recorded with the Ventura County Recorders Office on November 17, 2006,  
instrument number 2006-00243921-0.

23 <sup>2</sup> The TIC Agreement provides at § 9.16:  
24 Approval and Consent by the Tenants in Common. Whenever in this Agreement the consent or approval  
25 of the Tenants in Common is required or otherwise requested, the Tenants in Common shall have 15 days  
26 from the date the request for consent or approval is submitted to approve or disapprove of the matter in  
27 writing (unless a longer or shorter period for response is specifically provided for herein). In the event a  
28 Tenant in Common does not disapprove in writing of such matter within such 15 day period (or such  
longer or shorter period expressly provided for herein), the Tenant in Common shall be deemed to have  
approved the matter.

1 executed on or about November 8, 2006 and recorded on November 17, 2006 as instrument  
2 number 20061117-00243922-0 in the Ventura County Recorders Office shall be effectuated to  
3 purchase the interests in the Property held by ARI-RC 9, LLC, ARI-RC 28, LLC, and ARI-RC  
4 29, LLC, and any and all Non-Debtor TICs. Pursuant to Section 2.1 of the Call Agreement, the  
5 Debtors will purchase the interests of the Non-Debtor TICs and divide them on a pro rata basis  
6 among the Debtors. The purchase price of the Non-Debtor TIC Interests will be determined in  
7 accordance with Section 3 of the Call Agreement, which price the Debtors submit will be \$0 as  
8 of the Effective Date. By way of the Call Agreement, the Debtors will own 100% of the interests  
9 in the Property with 100% of the liability to the creditors of the Debtors' estates to effectuate the  
10 Plan.

11 Third, failing the first two alternatives, the TICs can be substantively consolidated  
12 pursuant to the Court's general equitable powers. In re Bonham, 229 F.3d 750, 763 (9th  
13 Cir.2000). The primary purpose of substantive consolidation is to ensure the equitable treatment  
14 of all creditors. Id. at 764. Courts have permitted the consolidation of non-debtor and debtor  
15 entities in furtherance of the equitable goals of substantive consolidation. Id. at 765. Among  
16 other things, the Debtors will show that creditors dealt with the entities as a single economic unit  
17 and did not rely on their separate identity in extending credit. Id. The Debtors believe that the  
18 consolidation of all interests in a single entity, such as that is proposed here by way of the  
19 Reorganized Debtor, all creditors will benefit by having a single debtor to look to for payment of  
20 its bills and management of the Property.

21 In addition to the terms of the Plan as described herein, representatives of the Debtors  
22 have had discussions with multiple potential parties with respect to an equity investment, which  
23 investment would supplement the Property's cash flow with an additional cash contribution (a  
24 "New Value Contribution"). As currently envisioned, a New Value Contribution would be  
25 provided by a non-Debtor party in exchange for equity in the Reorganized Debtor with preferred  
26 returns. The Reorganized Debtor would use the New Value Contribution to satisfy Allowed  
27 Administrative Claims, provide an initial payment to the Lender, and to be used primarily for  
28

1 tenant improvements and capital expenditures. With or without a New Value Contribution, at  
2 such time as the Property sufficiently appreciates in value or funds from operation accumulate,  
3 the Property may be either be refinanced or sold outright to complete the payment in full to the  
4 Debtors' creditors.

5 The Debtors reserve the right, and hereby give notice of their intent, to amend the Plan to  
6 reflect any New Value Contribution commitments or other changes in the economics of the  
7 Debtors and the Property that will impact materially on their estates, the creditors, and the  
8 treatment of any Class of claim or equity holders under the Plan.

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10 **VIII. CRITICAL PLAN PROVISIONS**

11 Listed below are the sources of money earmarked to pay creditors and interest-holders,  
12 which are described in greater detail as part of Exhibit "C" hereto.

- 13 a. Debtor's cash on hand as of the Effective Date of the Plan; and  
14 b. Future earnings from continued operations of the Reorganized Debtor.

15 Non-insider general unsecured creditors can expect to have their claims paid in full  
16 (100%) as follows:

17 a. The first payment will be made on the 20<sup>th</sup> day of the third month after Effective  
18 Date of the Plan, which is anticipated to be on July 20, 2014, in the aggregate amount of \$5,591;

19 b. The Reorganized Debtor will make seven additional payments, each in the  
20 amount of \$5,552, \$5,512, \$5,472, \$5,433, \$5,393, \$5,354, and \$5,314 in months 7, 10, 13, 16,  
21 19, 22, 25, respectively, following the Effective Date, for a total payout to non-insider general  
22 unsecured creditors in the amount of \$43,622, which the Debtors believe constitutes 100%  
23 payment, plus interest commencing on the Effective Date at the prevailing federal judgment rate  
24 as of the Effective Date. Non-insider general unsecured creditors can expect to receive their pro  
25 rata share of each payment made by the Reorganized Debtor, until such time as 100% of allowed  
26 claims are paid in full.

27 **IX. DESCRIPTION AND TREATMENT OF CLAIMS**  
28

1 a. Overview of Plan Payments

2 Below is a summary of who gets paid what and when and from what source. The identity  
3 of members within a particular class is explained beginning on the next page. The second  
4 column lists two amounts. First, the amount of each payment, or if only one is to be made, then  
5 that amount; second, the total amount that will be paid. The Proponent is usually not required by  
6 law to pay an unsecured creditor or interest holder everything it would otherwise be entitled to,  
7 had a bankruptcy case not commenced. The “Payment Due Date” column states the frequency  
8 with which payments will be made and the starting and ending dates. Look at the starting date to  
9 figure out who will be paid before and after you and in what amount. The “Source of Payment”  
10 column describes the expected source of payment. Further details regarding the source of  
11 payment are found in sections X and XI.

12 The timing of payments to many creditors is determined by the “Effective Date.”  
13 Administrative claims, unless otherwise stated, must be paid by the Effective Date. The timing  
14 of payments to impaired creditors is measured from the Effective Date. In this case, the  
15 Effective Date of the Plan (the “Effective Date”) will be the 15<sup>th</sup> day following the entry of an  
16 order confirming the Plan (the “Plan Confirmation Order”), and so long as there is no stay in  
17 effect, in which case the Effective Date shall be the first business day after any such stay is no  
18 longer in effect with respect to the Plan Confirmation Order.<sup>3</sup> The Debtors by and through the  
19 creation of a single entity holding title the Property on the Effective Date, will be referred to  
20 herein as the “Reorganized Debtor.”

21 Further, under this Plan, to the extent necessary for purposes of effectuating the Call  
22 Agreement provisions, the value for the Non-Debtor TIC Interests shall be deemed to be zero.  
23 The reason for this is that the Call Agreement calculates the purchase price of the Non-Debtor  
24 TIC Interests by subtracting outstanding debt (in addition to cost of sale) from the value of the  
25 Property and then providing the pro rata share to the Non-Debtor TIC Interests, but it is  
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27 <sup>3</sup> The Debtors reserve the right to waive the conditions to the Effective Date as they see fit after the  
28 entry of the Plan Confirmation Order.



1 undisputed that the lien of the Lender far exceeds the appraised value of the Property before the  
2 Effective Date of the Plan. Accordingly, there is no value to distribute pro rata to the Non-  
3 Debtor TIC Interests.  
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<u>Payment Recipient</u>	<u>Amount of each Payment and Total Amount to be paid</u>	<u>Payment Due Date</u>	<u>Source of Payment</u>
Levene, Neale, Bender, Yoo & Brill L.L.P. (bankruptcy counsel to the Debtors)	Total amount of approximately \$150,000* to be paid in one (1) payment  *estimated unpaid fees and expenses in excess of the pre-petition retainer paid in the amount of \$296,000.	Payment shall be made upon the later of (1) Effective Date, and (2) 14 days after date of entry of order allowing the final fee application, provided that payments will be funded into LNBYB's trust account on a date to be agreed.	Reorganized Debtor's cash on hand.

<u>Payment Recipient</u>	<u>Amount of each Payment and Total Amount to be paid</u>	<u>Payment Due Date</u>	<u>Source of Payment</u>
Class 1 – Allowed Secured Claim of Ventura County Tax Collector (property taxes)	Total amount of claim: None.  One payment.	On the due date of such taxes.	Reorganized Debtor's cash on hand and from post-confirmation operations
Oversecured	100% to be paid.		
UNIMPAIRED			

<u>Payment Recipient</u>	<u>Amount of each Payment and Total Amount to be paid</u>	<u>Payment Due Date</u>	<u>Source of Payment</u>
Class 2 – Allowed Secured Claim of U.S. Bank National Association, as Trustee for the Registered Holders of ML-CFC Commercial Mortgage Trust 2007-5	Interest only payments for first ten (10) years, paid monthly, in the amount of \$50,356 per month. After first ten (10) years, loan converts to an amortizing loan based on a 30 year amortization, with principal and interest payments in the amount of \$68,039 for years 11 to 15. Balloon payment of \$12,240,966 at the end of 15 years.	First business day of calendar month.	Post-confirmation income of Reorganized Debtor
IMPAIRED	Total amount of approx. \$10,125,095 Plus balloon of \$12,240,966		

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100% to be paid.

<u>Payment Recipient</u>	<u>Amount of each Payment and Total Amount to be paid</u>	<u>Payment Due Date</u>	<u>Source of Payment</u>
Class 3 – Allowed Secured Claim of Jemm Investments, LLC	Payments of \$5,000 to be paid on the first and second anniversary dates of the Effective Date, or the first business day thereafter, plus simple interest at 3.0% per annum.	First and second anniversary dates of the Effective Date, or the first business day thereafter.	Post-confirmation income of Reorganized Debtor
IMPAIRED	\$10,000 plus accrued interest.		

<u>Payment Recipient</u>	<u>Amount of each Payment and Total Amount to be paid</u>	<u>Payment Due Date</u>	<u>Source of Payment</u>
Class 4 – Allowed Unsecured Claim of U.S. Bank National Association, as Trustee for the Registered Holders of ML-CFC Commercial Mortgage Trust 2007-5	Total amount of Interest only payments for first ten (10) years, paid monthly, in the amount of \$25,403 per month. After first ten (10) years, loan convert to an amortizing loan based on a 30 year amortization, with principal and interest payments in the amount of \$42,840. Balloon payment at end of 15 year plan in the amount of \$9,034,001.	First business day of calendar month.	Post-confirmation income of Reorganized Debtor
IMPAIRED	Total amount of approx. \$5,618,791 Plus balloon of \$9,034,001		

Case 1:13-bk-14678-AA Doc 133 Filed 10/15/13 Entered 10/15/13 19:26:24 Desc  
 Main Document Page 20 of 238

<u>Payment Recipient</u>	<u>Amount of each Payment and Total Amount to be paid</u>	<u>Payment Due Date</u>	<u>Source of Payment</u>
Class 5 – Allowed Unsecured Claims	Eight payments as follows:	Quarterly payments with first payment due on the 20 <sup>th</sup> day of the third month after Effective Date, with payments to be made every quarter for two years thereafter until paid in full.	Post-confirmation income of Reorganized Debtor
1	\$5,591		
2	\$5,552		
3	\$5,512		
4	\$5,472		
5	\$5,433		
6	\$5,393		
7	\$5,354		
8	\$5,314		
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IMPAIRED

Total amount of \$43,622

(includes interest)

100% to be paid

<u>Payment Recipient</u>	<u>Amount of each Payment and Total Amount to be paid</u>	<u>Payment Due Date</u>	<u>Source of Payment</u>
Class 6 – Allowed claims of tenants of the Property for security deposits provided pursuant to commercial leases.	None.	No payments shall be due. On the Effective Date, commercial tenant leases will be assumed under section XVI. of the Plan, and security deposit claims will be deemed cured and subject to the terms of their respective lease.	N/A
UNIMPAIRED			

<u>Payment Recipient</u>	<u>Amount of each Payment and Total Amount to be paid</u>	<u>Payment Due Date</u>	<u>Source of Payment</u>

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1	Class 7 – Allowed	None.	None.	N/A
2	Unsecured Claims			
3	against the Debtors by			
4	the TIC owners of the			
5	Property, other than the			
6	Debtors, for which TICs			
7	are jointly and severally			
8	liable on Classes 1 - 6 .			

6 UNIMPAIRED

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<u>Payment Recipient</u>	<u>Amount of each Payment and Total Amount to be paid</u>	<u>Payment Due Date</u>	<u>Source of Payment</u>
Class 8 – Parties who hold membership Interests (i.e., equity interest) in the Debtors.  IMPAIRED	Class 8 members shall retain ownership interests in the Reorganized Debtor in proportion to the respective Debtor’s ownership interest in the Property.	TBD	Post-confirmation income of Reorganized Debtor

All claims listed in Exhibit “A” attached hereto are undisputed. The only disputed claims are those of the Trust, which is the sole member of both Class 2 and 4.<sup>4</sup> No payment or distribution shall be made pursuant to the Plan except on account of an Allowed Claim, except as otherwise ordered by the Bankruptcy Court pursuant to a Final Order. No payment shall be made on account of any disputed claim until such claim is Allowed. Any payments or distributions to be made by the Reorganized Debtors pursuant to the Plan shall be made on the respective Initial Distribution Dates applicable to each such Allowed Claim except as otherwise provided in the Plan or ordered by the Bankruptcy Court. Any unclaimed distributions may be paid into the registry of the Court or otherwise distributed in accordance with the orders of the Court or federal or local bankruptcy rule. No claimant or interest holder (other than Class 8 interest holders, which hold membership interests in the Debtors) is an affiliate of the Debtors.

Below is a detailed description and treatment of administrative expenses, claims and interests

a. Administrative Expenses

- i. These include the "actual, necessary costs and expenses of preserving the estates" as determined by the Court after notice to creditors of a request for payment and after a hearing thereon. These also include the fees and

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<sup>4</sup> The claims bar date is November 15, 2013, after the date of the filing of this Plan and Disclosure Statement. The Debtors reserve their right to object to any and all claims as necessary and appropriate.

1 expenses incurred by professionals employed in these cases at the expense  
2 of the estates which have been approved by the Court on a final basis.

- 3 ii. The Code requires that allowed administrative expenses be paid on the  
4 effective date unless the party holding the administrative expense agrees  
5 otherwise. The Debtors anticipate that claimant will agree otherwise in  
6 accordance with the cash flow projections that are Exhibit "C" hereto.

7 Administrative Expense #1.

8 **Claimant: Levene, Neale, Bender, Yoo & Brill L.L.P.**, bankruptcy counsel to  
9 the Debtors

- 10 • \$150,000 (estimated unpaid fees and expenses in excess of pre-petition  
11 retainer paid in the amount of \$296,000), subject to court approval.

12 **TOTAL \$150,000 (estimated)**

13 b. Unsecured Tax Claims

- 14 i. These include certain types of property, sales, income, and other taxes.  
15 ii. The Code requires that the holders of such claims receive on account of  
16 such claim regular installment payments in cash (i) of a total value, as of  
17 the Effective Date of the Plan, equal to the allowed amount of such claim;  
18 (ii) over a period ending not later than 5 years after the date of the order  
19 for relief under section 301, 201 or 303 of the Bankruptcy Code; and (iii)  
20 in a manner not less favorable than the most favored nonpriority  
21 unsecured claim provided for by the Plan (other than cash payments made  
22 to a class of creditors under section 1122(b) of the Bankruptcy Code). The  
23 amount of the allowed claim includes the amount of tax owed plus  
24 interest. The present value is calculated as of the Effective Date.

25 To the best of the Debtors' knowledge, no such claims exist in these cases.

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27 **TOTAL UNSECURED TAX CLAIMS: \$0**

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a. **CLASS ONE**

**Secured Claim of VENTURA COUNTY TAX COLLECTOR (claim is oversecured)**

Total amount of allowed claim:	NONE (will be paid current by the Effective Date of the Plan)
Total amount of payments (over time) to satisfy the secured claim:	NONE
Interest rate (to compensate creditor because claim is paid over time):	N/A
Impaired	No.
First payment date:	N/A
Amount of each installment:	N/A
Frequency of payments:	When due.
Total yearly payments:	\$280,000 est. See Exhibit "C" hereto.
Final payment date:	When due.
Lien is not modified in any way by the Plan	No lien modification
Description of Collateral:	Statutory first priority lien on Debtors' real property.
Additional Comments:	NONE.

b. **CLASS TWO**

**Secured Claim of U.S. Bank National Association, as Trustee for the Registered Holders of ML-CFC Commercial Mortgage Trust 2007-5**

Total amount of allowed \$13,428,309<sup>5</sup> est.

<sup>5</sup> Pursuant to 11 U.S.C. § 506, the Lender's Class 2 claim is equal to the value of the Property (\$12,800,000) plus the Lender's security interest in the cash balance that the Debtors estimate will be on hand on the Plan Effective Date (see Exhibit "C"). The amount of the Lender's Class 2 claim will be subject to amendment to reflect the actual cash balance on the Effective Date. The Lender's Class 4 claim is the Lender's deficiency claim.



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claim:

Total amount of payments (over time) to satisfy the secured claim: \$10,125,095 over 15 years  
Plus balloon of \$12,240,966

Interest rate (to compensate creditor because claim is paid over time): Market interest rate, as may be determined at Plan confirmation hearing, but which the Debtors believe to be fixed 4.5% per annum.

Impaired Yes

First payment date: First business day of the month on or after the Effective Date of Plan.

Amount of each installment: Interest only payments for first ten (10) years, in the amount of \$50,356 per month. After first ten (10) years, loan converts to an amortizing loan based on a 30 year amortization, with principal and interest payments in the amount of \$68,039 per month for years 11 to 15. Balloon payment of \$12,240,966 at end of 15-year plan.

Frequency of payments: Monthly  
All payments due on the first business day of each calendar of the month, with 10 day calendar day grace period

Total yearly payments: \$604,274 in years 1 through 10  
\$816,471 in years 11 through 15  
\$12,240,966 balloon payment at the end of year 15

Final payment date: March 1, 2029\_\_

1                   Lien is not modified in any    No lien modification as to lien rights. Terms  
2                   way by the Plan                   related to payment of obligation being  
3                   Description of Collateral:       The Property and related collateral as set forth  
4    in the loan documents.  
5                   Additional Comments:            The Reorganized Debtor shall have the right  
6    to prepay this claim prior to maturity without  
7    penalty or fee.  
8    The Reorganized Debtor shall open a  
9    segregated tax impound account and shall  
10    make necessary deposits to insure timely  
11    property tax payments.  
12    Existing personal guaranty of Maxwell  
13    Drever dated November 16, 2006 shall  
14    remain unaffected.

13                   Disclosure regarding Debtors’ position that any prepayment penalty, yield maintenance  
14                   premium, or similar charges included in the Lender’s claim should be disallowed in its entirety:

15                   In the Lender’s Memorandum of Points and Authorities in support of its Motion for  
16                   Relief from the Automatic Stay [dkt no. 48],<sup>6</sup> the Lender alleged that its claim included  
17                   “prepayment compensation” in the amount of \$4,549,526.00.<sup>7</sup> The Debtors position is that this  
18                   portion of the Lender’s claim should be disallowed in its entirety, and the treatment of the  
19                   Lender’s claim reflects this position. If necessary, the Debtors will file a formal objection to the  
20                   Lender’s proof of claim. It is well recognized in the Ninth Circuit that the Bankruptcy Court has  
21                   the flexibility to balance the equities in determining the applicability of a contract rate of default  
22                   interest or other charges relating to a default under a loan. In re DWS Industries, Inc., 121 B.R.  
23                   845, 849 (Bankr. C.D. Cal. 1990). Even if the debtor does not intend to cure the default, a  
24                   default interest or charge is not enforceable if it is a penalty rather than compensation for the

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26                   \_\_\_\_\_

<sup>6</sup> The Lender withdrew its Motion for Relief from the Automatic Stay on September 26, 2013.

27                   <sup>7</sup> As of the filing of the Plan, the Lender has not yet filed its proof of claim. Therefore, the Debtors  
28                   reserve the right to amend the Plan and Disclosure Statement to reflect the amount of the Lender’s  
                  claim as well as the basis that such may be disputed by the Debtors.

1 lender's loss. The bankruptcy court in DWS stated that "a default rate of interest should not be a  
2 penalty. Rather, it should be a means of compensating the creditor for any loss resulting from  
3 the non-payment of principal at maturity." DWS, 121 B.R. at 849. Where the default interest  
4 rate is a penalty, courts will not enforce such default rate. In re Vest Associates, 217 B.R. 696,  
5 702 (Bankr. S.D.N.Y. 1998) (courts will refuse to enforce default interest rates "if they are  
6 deemed to be penalties or forms of coercion instead of compensation for injuries that the lender  
7 incurred"). An amount disproportionate to the anticipated damages is a penalty. See also  
8 Ridgley v. Topa Thrift and Loan Association, 17 Cal. 4th 970, 977, 73 Cal. Rptr. 2d 378, 382  
9 (1998). "A contractual provision imposing a 'penalty' is ineffective and the wronged party can  
10 collect only the actual damages sustained." Id. (citations omitted).

11 In the case of In re Dalessio, the Ninth Circuit Bankruptcy Appellate Panel held that the  
12 "reasonableness requirement" in Section 506(b) of the Bankruptcy Code applies to all pre-  
13 bankruptcy obligations, including late charges, and is intended "to prevent over-reading or  
14 collusive use of fee arrangement." In re Dalessio, 74 B.R. 721, 723-24 (9<sup>th</sup> Cir. B.A.P. 1987);  
15 accord In re 268 Limited, 789 F.2d 674 (9<sup>th</sup> Cir. 1986). In Imperial Coronado Partners, Ltd. V.  
16 Home Federal Savings & Loan Association (In re Imperial Coronado Partners, Ltd.), 96 B.R.  
17 997, 1001 (9<sup>th</sup> Cir. B.A.P. 1989) the Court held that the amount of such prepayment premium  
18 should be limited to the actual damages suffered by the lender as the result of the early  
19 prepayment.

20 In addition, according to the aforementioned April 25, 2013 letter of default, the Lender  
21 accelerated payment under the Loan prior to the Petition Date, which the Debtors submit  
22 eliminated the purported prepayment consideration. "Many courts have held that where a  
23 mortgagee accelerates the amount due under a note, a prepayment penalty may not be collected."  
24 Imperial Coronado, 96 B.R. at 1000; see Matter of LHD Realty Corp., 726 F.2d 327, 330-31 (7<sup>th</sup>  
25 Cir. 1984) ("[T]he lender loses its right to a premium when it elects to accelerate the debt. This is  
26 so because acceleration, by definition, advances the maturity date of the debt so that payment  
27 thereafter is not prepayment but instead payment made after maturity."); In re Planvest Equity  
28

1 Income Partners IV, 94 B.R. 644, 645 (Bankr. D. Ariz. 1988) ("Acceleration of a note is  
2 recognized as preventing the mortgagee from seeking to enforce a prepayment penalty clause.").

3 Due to the foregoing authority, the Debtors' position is that a prepayment penalty, yield  
4 maintenance premium, or any similar charges constitutes an unenforceable penalty and should  
5 otherwise not be part of the Lender's allowed Class 2 or Class 4 claim.

6 **c. CLASS THREE**

7 Secured Claim of Jemm Investments, LLC

8 Total amount of allowed claim: \$10,000.00

9  
10 Total amount of payments (over time) to satisfy the secured claim: \$10,600.00 (incl. accrued interest)

11  
12 Interest rate (to compensate creditor because claim is paid over time): 3.0% simple interest.

13  
14 Impaired Yes

15 First payment date: First anniversary date following Effective Date.

16  
17 Amount of each installment: \$5,300.00

18  
19 Frequency of payments: Annual, due on the first and second anniversary date of the Effective Date.

20  
21 Total yearly payments: \$5,300.00

22 Final payment date: To be determined, but estimated to be March 31, 2016.

23 Lien is not modified in any way by the Plan No lien modification as to lien rights. Terms related to payment of obligation being modified as set forth herein.

24 Description of Collateral: Security system installed on the Property.

25 Additional Comments: None.

26 **d. CLASS FOUR**

Unsecured Claim of U.S. Bank National Association, as Trustee for the Registered Holders of ML-CFC Commercial Mortgage Trust 2007-5

Total amount of claim - \$10,161,254<sup>8</sup>  
disputed:

Total amount of payments (over time) to satisfy the claims: \$5,618,791 over 15 years Plus balloon of \$9,034,001

Interest rate: 3.0% per annum

Impaired Yes

First payment date: First business day of the month on or after the Effective Date

Amount of each installment: Interest only payments for first ten (10) years, in the amount of \$25,403 per month. After first ten (10) years, loan converts to an amortizing loan based on a 30 year amortization, with principal and interest payments in the amount of \$42,840 per month for years 11 to 15. Balloon payment at end of 15-year plan

Frequency of payments: Monthly

All payments due on the first business day of each calendar of the month, with 10 day calendar day grace period

Total yearly payments: \$304,838 in years 1 through 10  
\$514,083 in years 11 through 15  
\$9,034,001 balloon payment at end of year 15

Final payment date: March 1, 2029\_\_

Lien is not modified in any way by the Plan No lien modification as to lien rights. Terms related to payment of obligation being modified as set forth herein.

**e. CLASS FIVE**

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<sup>8</sup> As of the filing of the Plan, the Lender has not yet filed its proof of claim. Therefore, the Debtors reserve the right to amend the Plan and Disclosure Statement to reflect the amount of the Lender's claim as well as the basis that such may be disputed by the Debtors. See Class 2 claim and accompanying note regarding the calculation of the Lender's claim.

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Unsecured Claims

See Exhibit "B" for list of claimants and amount owed each:

Total amount of allowed claims:	\$42,197.51(estimated) <sup>9</sup>
Total amount of payments (over time) to satisfy the claims:	\$43,622 (100% of allowed claims with interest)
Interest rate:	Federal judgment rate as of the Effective Date
Impaired	Yes
First payment date:	The 20 <sup>th</sup> day of the third calendar month following the Effective Date
Amount of each installment:	\$5,591 \$5,552 \$5,512 \$5,472 \$5,433 \$5,393 \$5,354 \$5,314
Frequency of payments:	Quarterly payments with first payment due on the 20 <sup>th</sup> day of the third month after Effective Date, with payments to be made every three months thereafter for the two year period following the Effective Date.
Total yearly payments:	\$16,655 – year one \$21,653 – year two \$5,314 – year three_____
Final payment date:	April 20, 2016
Additional Comments:	None.

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<sup>9</sup> The Claims Bar Date in these cases is November 15, 2013, and the amount of the Class 5 claims may change based on claims yet to be filed. The Court has not set a deadline by which the Debtors must file objections to proofs of claim. The Debtors reserve the right to object to proofs of claim, which may change the total amount of Class 5 claims.

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f. **CLASS SIX**

Allowed claims of tenants of the Property for security deposits

Total amount of allowed claims: No payments shall be due. On the Effective Date, commercial tenant leases will be assumed under section XVI. hereof, and security deposit claims will be deemed cured and subject to the terms of their respective lease.

Total amount of payments (over time) to satisfy the claims: N/A

Interest rate: N/A

Impaired No.

First payment date: N/A  
Amount of each installment: N/A

Frequency of payments: N/A

Total yearly payments: N/A

Final payment date: N/A

Additional Comments: None.

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g. **CLASS SEVEN**

Allowed Unsecured Claims against the Debtors by the TIC owners of the Property, other than the Debtors, for which TICs are jointly and severally liable on Classes 1 - 6.

Total amount of allowed claims:	None.
Total amount of payments (over time) to satisfy the claims:	N/A
Interest rate:	N/A
Impaired	No.
First payment date:	N/A
Amount of each installment:	N/A
Frequency of payments:	N/A
Total yearly payments:	N/A
Final payment date:	N/A
Additional Comments:	None.

h. **CLASS EIGHT**

Equity Interests

Class 8 interest holders are the parties who hold membership interests (i.e., equity interest) in the Debtors. The holder or holders of membership Interests in the Debtors shall receive, on account of each of their Interests in the Debtors, a share of interests in the Reorganized Debtor in proportion to the respective Debtor's ownership interest in the Property. Class 8 is impaired.

**X. SOURCE OF MONEY TO PAY CLAIMS AND INTEREST HOLDERS**

The Plan cannot be confirmed unless the Court finds that it is "feasible," which means that the Proponent has timely submitted evidence establishing that the Debtors will have sufficient funds available to satisfy all expenses, including the scheduled creditor payments



discussed above. What follows is a statement of projected cash flow for the duration of the Plan. The focus is on projected cash receipts and cash disbursements. All non-cash items such as depreciation, amortization, gains and losses are omitted. A positive number reflects a source of cash; a (negative number) reflects a use of cash. A more detailed statement of cash flow projections for the duration of Plan payments is attached as Exhibit "C".

	<u>Year #1</u> <u>(2014)</u>	<u>Year #2</u> <u>(2015)</u>	<u>Year #3</u> <u>(2016)</u>	<u>Year #4</u> <u>(2017)</u>	<u>Years 5-15</u> <u>(2018-2029)</u>
Net cash flow					
FROM OPERATING ACTIVITIES:	\$776,178	\$991,930	\$981,046	\$1,064,059	Please see Exhibit "C"
Yearly plan payments:	\$1,081,066	\$936,065	\$914,426	\$909,112	
Net cash available to Debtor after all plan payments made:	\$0 <sup>10</sup>	\$55,865	\$66,620	\$154,947	

Section XV(c) states the assumptions and details surrounding the statement of projected cash flow.

On the Effective Date, the Plan pays the amount of \$225,759, which is comprised of the following:

Executory contract cures	\$ NONE
Administrative claims -	\$150,000
Class 2 -	\$ 50,356
Class 4 -	\$ 25,403
<b>TOTAL</b>	<b>\$ <u>225,759</u></b>

The Effective Date is projected to occur on April 1, 2014. As shown by the projected cash flow attached hereto as Exhibit "C," the Reorganized Debtor will have cash on hand of

<sup>10</sup> The Reorganized Debtor will draw on Cash Reserves in the amount of \$304,888 and will have an ending balance of \$460,250 for first year of Plan. The Reorganized Debtor is not relying solely on net cash flow for plan payments in year one.

1 approximately \$628,309 around April 1, 2014. Therefore, the Reorganized Debtor is expected to  
2 have sufficient cash on hand on the Effective Date to make the payments required to be made on  
3 the Effective Date.

4 **XI. FINANCIAL RECORDS TO ASSIST IN DETERMINING WHETHER**  
5 **PROPOSED PAYMENT IS FEASIBLE**

6 As discussed above, cash flow projections for the Plan repayment period are attached  
7 hereto as Exhibit "C". Balance sheets, income and expense statements and cash flow statements  
8 for the two years prior to the Petition Date are attached as Exhibit "D" hereto.

9 **XII. ASSETS AND LIABILITIES OF THE ESTATE**

10 a. Assets

11 The latest available appraisal of the Property is attached hereto as Exhibit "E". The  
12 appraisal report, dated August 2, 2013, and values the Property at \$12,800,000 on an "as-is"  
13 basis provided it continues to operate as a going concern. Whether the Plan proposes to sell any  
14 of these assets is discussed in section XVI. At this time, however, the Plan does not contemplate  
15 the sale of assets.

16 b. Liabilities

17 Exhibit "A" shows all claims asserted against the estates, claims whose treatment is  
18 explained in detail by section IX.

19 c. Summary

20 The fair market value of all assets equals approximately \$12,800,000 plus projected cash  
21 on hand of the Effective Date of \$628,309. Total liabilities equal approximately  
22 \$27,918,404.70.<sup>11</sup>

23 **XIII. TREATMENT OF NONCONSENTING CLASSES**

24 As stated above, even if all classes do not consent to the proposed treatment of their  
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26  
27 <sup>11</sup> The Debtors expect that the \$27,918,404.70 liability figure will be reduced by the amount of any  
28 prepayment compensation or penalty, which, as stated above, the Lender has contended to be  
approximately \$4.5 million.

1 claims under the Plan, the Plan may nonetheless be confirmed if the dissenting classes are treated  
2 in a manner prescribed by the Code. The process by which dissenting classes are forced to abide  
3 by the terms of a plan is commonly referred to as "cramdown." The Code allows dissenting  
4 classes to be crammed down if the Plan does not "discriminate unfairly" and is "fair and  
5 equitable." The Code does not define discrimination, but it does provide a minimum definition  
6 of "fair and equitable." The term can mean that secured claimants retain their liens and receive  
7 cash payments whose present value equals the value of their security interest. For example, if a  
8 creditor lends the Debtor \$100,000 and obtains a security interest in property that is worth only  
9 \$80,000, the "fair and equitable" requirement means that the claimant is entitled to cash  
10 payments whose present value equals \$80,000 and not \$100,000. The term means that unsecured  
11 claimants whose claims are not fully satisfied at least know that no claim or interest that is junior  
12 to theirs will receive anything under the Plan, except where the Debtor is an individual, has  
13 elected to retain property included in the Estate under 11 U.S.C. § 1115 and has satisfied 11  
14 U.S.C. § 1129(b)(2)(B)(ii). "Fair and equitable" means that each holder of an interest must  
15 receive the value of such interest or else no junior interest is entitled to receive anything.

16 Therefore, if a class of general unsecured claims votes against the Plan, the Plan cannot  
17 be confirmed where the Debtor or a class of interest holders (e.g. shareholders or partners) will  
18 receive or retain any property under the Plan, unless the Plan provides that the class of general  
19 unsecured claims shall be paid in full with interest. If a class of interest holders votes against the  
20 Plan, the Plan cannot be confirmed where the Debtor will receive or retain any property under  
21 the Plan, unless the Plan provides that the class of interest holders shall be paid in full with  
22 interest. These are complex statutory provisions and the preceding paragraphs do not purport to  
23 state or explain all of them.

24 **XIV. TREATMENT OF NONCONSENTING MEMBERS OF CONSENTING CLASS**  
25 **(CHAPTER 7 LIQUIDATION ANALYSIS)**

26 The Plan must provide that a nonconsenting impaired claimant or interest holder of a  
27 consenting class receive at least as much as would be available had the Debtor filed a Chapter 7  
28

1 petition instead.

2 In a Chapter 7 case the general rule is that the Debtor's assets are sold by a trustee.  
3 Unsecured creditors generally share in the proceeds of sale only after secured creditors and  
4 administrative claimants are paid. Certain unsecured creditors get paid before other unsecured  
5 creditors do. Unsecured creditors with the same priority share in proportion to the amount of  
6 their allowed claim in relationship to the total amount of allowed claims.

7 A creditor would recover less from the assets of the bankruptcy estates under Chapter 7  
8 than under Chapter 11 for at least three reasons. The Debtors believe that pre-petition general  
9 unsecured creditors would receive no distribution at all in a liquidation and the Lender would  
10 receive far less than the recovery proposed under the Plan because, in all likelihood, the Lender  
11 would merely foreclose on the Property and all of its collateral in the event of a Chapter 7.

12 If not, in the event of a liquidation scenario, a trustee would face the difficulties of  
13 processing, marketing and obtaining value for the Debtors' assets on a distressed sale basis.  
14 Thus, in a liquidation, the value of the Debtors' assets would, in all likelihood, decrease  
15 considerably from the current market values. The Debtors estimate herein that the value would  
16 decrease no less than 10% under such circumstances.

17 Second, in a Chapter 7 case, a trustee is appointed and is entitled to compensation from  
18 the bankruptcy estates in an amount no more than 25% of the first \$5,000 of all moneys  
19 disbursed, 10% on any amounts over \$5,000 and up to \$50,000, 5% on all amounts over \$50,000  
20 and up to \$1,000,000, and such reasonable compensation no more than 3% of moneys over  
21 \$1,000,000. Therefore, the distribution to creditors will be diluted further by the trustee's  
22 compensation.

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	<u>Chapter 7</u>	<u>Chapter 11</u>
Value of Assets	\$9,446,400 <sup>12</sup>	\$12,800,000 –
Real Property		(See Exhibit “E”)
Cash	\$628,309	\$628,309
Ch. 11 Administrative Expenses	\$150,000 (est.)	\$150,000 (est.)
Class 1 Secured Claim	\$ None	\$ None
Class 2 Secured Claim	\$13,428,309	\$13,428,309
Class 3 Secured Claim	\$10,000	\$10,000
Priority Unsecured Claims	\$0	\$0
Chapter 7 Trustee Fee	\$250,000 est.	N/A
Exemption(s)	N/A	N/A
<b>TOTAL AVAILABLE FOR DISTRIBUTION TO GENERAL UNSECURED CREDITORS</b>	\$0	\$43,622_____
	Unsecured creditors receive payment of 0% of total claims	Unsecured creditors receive payment of 100% of total claims

**XV. FUTURE DEBTOR**

a. Management of Reorganized Debtor

i. *Names of persons who will manage the Reorganized Debtor's business*

**affairs:** The management of the Reorganized Debtor is not known at this time. Management

<sup>12</sup> Calculated as current value of \$12,800,000 less 10% discount due to a likely reduction in the price as a chapter 7 liquidation sale, resulting in a value of \$11,520,000, less cost of sale, estimated to be 8%,resulting in a final value of approximately \$9,446,400 (92% of value).

1 will be determined prior to the confirmation of the Plan and will be incorporated into the order  
2 confirming the Plan.

3 ii. **Proposed compensation to persons listed above:** To be determined.

4 iii. **Qualifications:** To be disclosed in connection with the determination of  
5 management of the Reorganized Debtor.

6 iv. **Affiliation of persons to Debtor:** To be disclosed as appropriate in  
7 connection with the determination of management of the Reorganized Debtor.

8 v. **Job description:** To oversee the general operations of the Reorganized  
9 Debtor on a day-to-day basis and takes all steps and actions necessary to ensure and maintain the  
10 smooth and successful operation of the Property.

11  
12 b. **Disbursing Agent**

13 The Disbursing Agent is not known at this time. The Disbursing Agent will be  
14 determined prior to the confirmation of the Plan and will be incorporated into the order  
15 confirming the Plan.

16 i. **Proposed compensation to person listed above:** This will be determined  
17 in connection with the appointment of the Disbursing Agent.

18 ii. **Qualifications:** The Disbursing Agent will be an individual or entity that  
19 is duly capable to oversee, supervise and ensure that the Reorganized Debtor competently  
20 performs the tasks of a disbursing agent.

21  
22 iii. **Affiliation of person to Debtor:** To be determined.

23 iv. **Job description:** The disbursing agent shall make all distributions in  
24 accordance with the provisions of the Plan

25 c. **Future Financial Outlook**

26  
27 The Proponent believes that the Reorganized Debtor's economic health will improve from  
28

1 the Debtors' pre-bankruptcy state. Some of the reasons for the improvement, are as follows:

2 Section X provides a summary of the projected cash flow of the Reorganized Debtor for  
3 the duration of the Plan. The assumptions that underlie the projections are set forth in Exhibit  
4 "C" attached hereto. Absent additional capital from outside sources, the Plan payments will  
5 come from the continued operation of the Property. It is expected that a new tenant, Foster  
6 Wheeler will move into the Property and occupy approximately 2,490 square feet. This new  
7 five-year lease will add revenue to the Debtors' operations. This demonstrates that the pendency  
8 of these bankruptcy cases has not interfered with the leasing operations of the Debtors and that  
9 the value of the Property is not adversely impacted by the use of the Property or the pendency of  
10 these bankruptcies. Further, as shown in the projections annexed hereto as Exhibit "C", the  
11 Debtors are cash flow positive through the Effective Date and beyond while reserving for  
12 future property taxes and insurance payments. In addition to pursuing the Plan as proposed  
13 herein, the Debtors are continuing their investigation into potential outside funding sources to  
14 provide capital as needed for operating the Property – such as for tenant improvements and  
15 capital expenditures – as well as to provide the ability to pay off creditors sooner than provided  
16 herein.

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20 **XVI. SALE OR TRANSFER OF PROPERTY; ASSUMPTION OF CONTRACTS AND**  
21 **LEASES; OTHER PROVISIONS**

22 The Plan provides for the following:

23 The Plan does not provide for the sale or transfer of any property of the Debtors.

24 With regard to contracts and leases, the Debtors shall file, by not later than 14 days prior  
25 to the confirmation hearing, a list identifying the unexpired leases and executory contracts that it  
26 intends to assume in connection with confirmation of the Plan (the "Assumption List").

1 As of the date of filing this document, the Debtors are continuing their review of all  
2 executory contracts and unexpired leases; however, it is anticipated that the Debtors will reject  
3 those executory contracts relating to agreements among the TICs, including, but not limited to,  
4 the TIC Agreement, effective on the Effective Date.

5 On the Effective Date of the Plan, the Debtors shall **assume** all unexpired leases and  
6 executory contracts that are identified on the Assumption List. All unexpired leases and  
7 executory contracts that are not identified on the Assumption List, and that have not been  
8 previously rejected by the Debtors, shall be deemed rejected as of the Effective Date.

9 **Exemption under 11 U.S.C. § 1146(a).**

10 Pursuant to § 1146(a) of the Bankruptcy Code, the issuance, distribution, transfer or  
11 exchange of any security or the making, delivery or recording of any instrument of transfer  
12 pursuant to, in implementation of or as contemplated by the Plan, or the revesting, transfer or  
13 sale of any real or personal property of, by or in the TICs, the Debtors or the Reorganized Debtor  
14 pursuant to, in implementation of or as contemplated by the Plan, or any transaction arising out  
15 of, contemplated by or in any way related to the foregoing, shall not be subject to any document  
16 recording tax, stamp tax, conveyance fee, intangible or similar tax, mortgage tax, stamp act, real  
17 estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or  
18 other similar tax or governmental assessment, and the appropriate state or local governmental  
19 officials or agents shall be, and hereby are, directed to forego the collection of any such tax or  
20 governmental assessment and to accept for filing and recording any of the foregoing instruments  
21 or other documents without the payment of any such tax or governmental assessment.

22 The Court must make certain findings of fact before approving the aforementioned  
23 provisions as part of the Plan. The Proponent will request that the Court make the appropriate  
24 findings at the confirmation hearing, based upon evidence submitted in support of the  
25 confirmation motion.

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27 **XVII. BANKRUPTCY PROCEEDINGS**  
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1 Following the Petition Date, the Court has authorized the employment of the following  
2 professionals:

3 1. Levene, Neale, Bender, Yoo & Brill L.L.P. as bankruptcy counsel to the First and  
4 Second Wave Debtors as of the First and Second Wave Petition Dates (an application to employ  
5 is or will shortly be pending with respect to the Third Wave Debtors).

6 Additionally, the following orders have been entered by the Court:

Date	Docket Number	Description
7/18/2013	7	Order Granting Motion For Joint Administration on Lead Case 1:13-bk-14678.
7/22/2013	16	Order Granting Motion Expedite Hearing on Emergency Motions.
7/26/2013	29	Order Granting in part, Denying in part debtor's emergency motion without a hearing to extend time for debtors to 1) file lists, schedules, statements and other required documents and 2) submit creditor matrix.
8/7/2013	39	Order Granting Debtor's Emergency Motion Authorizing Debtors to use Cash Collateral Pending a Final Hearing and 2- Setting a Final Hearing.
8/7/2013	40	Order Granting Debtors Emergency Motion for Entry of an Order Authorizing the Debtors to Implement and Maintain Proposed Cash Management System.
8/7/2013	41	Order Granting Emergency Motion Authorizing Debtors to Provide Adequate Assurance of Future Payment to Utility Companies Pursuant to Section 366(c) of the Bankruptcy Code.
8/14/2013	59	Order Granting Debtors Emergency Motion Without A Hearing for an Order Extending Time for Debtors to 1- File Lists, Schedules, Statements And Other Required Documents and 2- Submit Creditor Matrix.
8/21/2013	72	Order Granting Stipulation to Continue Hearings on: 1- Motion to Dismiss Case Under 11 USC 1112(b) and 105(a); and 2- Motion for Relief from the Automatic Stay Under 11 USC § 362.
9/4/2013	81	Order Approving Stipulation to Continue Hearing Dates and Briefing Deadlines on: 1- Debtors Emergency Motion Authorizing Debtors to use Cash Collateral and 2- Debtors Emergency Motion for Entry of

		an Order Authorizing the Debtors to Implement and Maintain Proposed Cash Management System.
9/4/2013	82	Order Granting Application and Setting Hearing on Shortened Notice.
9/16/2013	94	Order setting November 15, 2013 as last day to file proofs of claims and interests.
9/17/2013	95	ORDER for joint administration.
9/23/2013	100	Order Granting ORDER to extend time to file documents to and through October 7, 2013.
9/23/2013	101	Order Granting Motion To Appear pro hac vice.
10/4/2013	111	Order Granting Second Wave Debtors' Omnibus Motion for Relief as follows: 1- (a) Authorizing Debtors to Use Cash Collateral on an Interim Basis Pending a Final Hearing and (b) Setting a Final Hearing; 2- Authorizing Debtors to Debtors to Implement and Maintain Proposed Cash Management System 3- Authorizing Debtors to Provide Adequate Assurance of Future Payment to Utility Companies Pursuant to Section 366(c) of the Bankruptcy Code.
10/4/2013	112	Order Granting First Wave Debtors' Emergency Motion for Entry of an Order Authorizing the Debtors to Implement and Maintain Proposed Cash Management System.
10/9/2013	126	Order Granting Stipulation Regarding Resolution of Lender's Limited Objection to Employment of Levene, Neale, Bender, Yoo & Brill L.L.P. and Vacating Hearing Thereon

The following motions are currently pending:

<b>Date</b>	<b>Docket Number</b>	<b>Description</b>
9/3/2013	77	Debtors' Omnibus Motion For Relief Regarding: (1) Authority To Use Cash Collateral On An Interim Basis Pending A Final Hearing; (2) Authority For Debtors To Implement And Maintain Proposed Cash Management System
10/4/2013	114	Third Wave Debtors' Omnibus Motion For Relief Regarding: (1) Authority To Use Cash Collateral On An Interim Basis Pending A Final Hearing; (2) Authority For Debtors To Implement And Maintain Proposed Cash Management System.

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**XVIII. TAX CONSEQUENCES OF PLAN**

The tax consequences of the Plan are in many cases uncertain and many vary depending on the individual circumstances of the holders of claims and interests. The tax consequences of the Plan to a holder of a claim will depend, in part, on the type of consideration received for the claim, whether the holder is a resident of the United States for tax purposes, and whether the holder reports income on the accrual or cash basis method. Holders of claims likely will recognize gain or loss, as the case may be, equal to the difference between the amount realized under the Plan in respect of their claims and their respective tax basis in their claims. The amount realized for this purpose generally will equal the sum of cash and the fair market value of any other consideration received under the Plan in respect of their claims. Any gain or loss recognized in the exchange will be capital or ordinary depending on the status of the claim in the holder's hands.

PERSONS CONCERNED WITH THE TAX CONSEQUENCES OF THIS PLAN SHOULD CONSULT THEIR OWN ACCOUNTANTS, ATTORNEYS AND/OR ADVISORS. THE PROPONENTS MAKE THE AFOREMENTIONED DISCLOSURE OF POSSIBLE TAX CONSEQUENCES FOR THE SOLE PURPOSE OF ALERTING READERS OF TAX ISSUES THEY MAY WISH TO CONSIDER. THE PROPONENTS CANNOT AND DO NOT REPRESENT THAT THE TAX CONSEQUENCES MENTIONED ABOVE ARE COMPLETELY ACCURATE BECAUSE THE TAX LAW EMBODIES MANY COMPLICATED RULES, WHICH MAKE IT DIFFICULT TO ACCURATELY STATE WHAT THE TAX IMPLICATIONS OF ANY ACTION MIGHT BE.

**XIX. EFFECT OF CONFIRMATION OF PLAN**

a. General comments

The provisions of a confirmed Plan bind the Debtors, any entity acquiring property under the Plan, and any creditor, interest holder, or general partner of the Debtors, even those who do not vote to accept the Plan.

1 The confirmation of the Plan vests all property of the estates in the Reorganized Debtor.

2 The automatic stay is lifted upon confirmation as to property of the estate. However, the  
3 stay continues to prohibit collection or enforcement of pre-petition claims against the Debtors or  
4 the Debtors' property until the date the Debtors receive a discharge, if any. If the Debtors do not  
5 seek a discharge, the discharge is deemed denied, and the stay as to the Debtors and the Debtors'  
6 property terminates upon entry of the order confirming the Plan.

7 b. Discharge of liability for payment of debts; status of liens; equity security holders

8 Unless the Debtors are not entitled to receive a discharge pursuant to 11 U.S.C.  
9 1141(d)(3), the Debtors may obtain a discharge only upon specific order of the Court. The  
10 confirmation of the Plan does not discharge the Debtors from any debt of a kind specified in  
11 Sections 523(a)(2)(A)-(B) of the Bankruptcy Code (West 2004 & Supp 2006) that is owed to a  
12 domestic governmental unit, or owed to a person as the result of an action filed under subchapter  
13 III of chapter 37 or title 31 or any similar State statute or for a tax or customs duty with respect  
14 to which the Debtors made a fraudulent tax return or willfully attempted in any manner to evade  
15 or to defeat such tax or such customs duty.

16 c. Modification of the Plan

17 The Proponent may modify the Plan pursuant to 11 U.S.C. § 1127.

18 d. Post-Confirmation Causes of Action

19 To the best knowledge of the Proponent, the estates do not have any post-confirmation  
20 causes of action. The Debtors do not believe that they have any significant avoidance causes of  
21 action. Nonetheless, the Reorganized Debtor is designated as representative of the estates under  
22 11 U.S.C. § 1123(b)(3) and shall have the right to assert any or all of the above causes of action  
23 post-confirmation in accordance with applicable law.

24 e. Final Decree

25 Once the Plan has been consummated, a final decree may be entered upon motion of the  
26 Proponent. The effect of the final decree is to close the bankruptcy cases. After such closure, a  
27 party seeking any type of relief relating to a Plan provision can seek such relief in a state court of  
28

1 general jurisdiction.  
2

3 Dated: October 15, 2013

ARI- RC6, LLC and Jointly Administered Debtors

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6 By: ALAN SPARKS  
7 Its: Chief Restructuring Officer,  
Authorized Agent

8 Presented By:  
9 LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.

10 By: /s/ Daniel H. Reiss  
11 DANIEL H. REISS  
12 JOHN-PATRICK M. FRITZ  
13 LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.  
14 Attorneys for Chapter 11 Debtors and Debtors in Possession  
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1                   **XX. DECLARATION IN SUPPORT OF DISCLOSURE STATEMENT AND**  
2 **PLAN**

3   **DECLARATION OF ALAN SPARKS**

4           I, Alan Sparks, hereby declare as follows:

5           1.     I am over 18 years of age.

6           2.     I have been designated as Chief Restructuring Officer of the Debtors and have  
7 been designated and authorized to act as a “Responsible Individual” and “Authorized Agent”  
8 for each of the above-captioned jointly administered debtors and debtors in possession (the  
9 “Debtors”) as may be required in the Debtors’ bankruptcy cases. The statements made  
10 herein are of my own personal knowledge, on the business records of the Debtors or their  
11 consultants or on records readily available to the public. If called upon, I could and would  
12 competently testify to their truth to the best of my knowledge and ability.

13           3.     I make this declaration in support of the Disclosure Statement And Plan Of  
14 Reorganization For Jointly Administered Debtors, Dated October 15, 2013 annexed hereto.  
15 Capitalized defined terms used herein have the same meanings as used in the Omnibus Motion  
16 unless otherwise indicated with specificity or implied by context.

17           4.     Daniel H. Reiss and J. P. Fritz, attorneys at Levene, Neale, Bender, Yoo & Brill,  
18 LLC (“LNBYB”), counsel for the Debtors, principally prepared this document.

19           5.     The source of all financial data is Debtors’ books and records, which are  
20 maintained in the ordinary course of business of the Debtors.

21           6.     The Debtors’ cash flow projections, annexed hereto as Exhibit “C”, were prepared  
22 by TNP Properties, the Debtors’ property manager, and Breakwater Equity Partners, a firm that  
23 has provided real estate consulting services to the Debtors, with my and counsel’s supervision  
24 and input.

25           7.     The Exhibit “C” hereto was prepared on a cash basis. Historical financial  
26 statements were prepared on an accrual basis.

27           8.     All facts and representations in the Plan and Disclosure Statement are true to the  
28 best of my knowledge.

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I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge.

Executed on this 15 th day of October 2013, at Phoenix, Arizona.

  
\_\_\_\_\_  
ALAN SPARKS

**EXHIBIT A**



Creditor	Wave No.	FILED CLAIM				SCHEDULED CLAIM				OBJECTION	PROPOSED TREATMENT OF CLAIM			
		General Unsecured	Schedule "D" Secured	Schedule "E" Priority	Schedule "F" Unsecured	C/S/D	Basis of Objection, If Any	Proposed Secured Amount	Proposed Priority Amount		Proposed Unsecured Amount			
Amtech Elevator Services - 1	1				\$0.00									
ARCADIA PROPERTY SERVICES INC. - 1 (AR-RC 14)	1				\$50.30									\$0.00
ARCADIA PROPERTY SERVICES INC. - 2 (AR-RC 3)	2				\$205.51									\$50.30
ARCADIA PROPERTY SERVICES INC. - 3 (AR-RC 10)	3				\$205.51									\$205.51
AT & T - 1	1				\$0.00									\$205.51
AT & T - 2	2				\$24.22									\$0.00
AT & T - 3	3				\$24.22									\$24.22
California American Water - 1	1				\$18.77									\$24.22
California American Water - 2	2				\$0.00									\$18.77
CALIFORNIA AMERICAN WATER - 2	2				\$2,805.59									\$0.00
CALIFORNIA AMERICAN WATER - 3	3				\$2,805.59									\$2,805.59
CAM Services - 2	2				\$1,495.54									\$2,805.59
CAM Services - 3	3				\$1,495.54									\$1,495.54
CITY OF THOUSAND OAKS WATER - 1	1				\$0.00									\$1,495.54
Empire Building Services - 1	1				\$228.03									\$228.03
Empire Building Services - 2	2				\$947.66									\$947.66
Empire Building Services - 3	3				\$1,932.78									\$1,932.78
ENCORE FIRE EXTINGUISHER SERVICE, INC. - 1	1				\$1,932.78									\$1,932.78
Inland Pacific Roofing - 1	1				\$0.00									\$0.00
Lighting Technology Services - 1	1				\$35.71									\$0.00
Lighting Technology Services - 2	2				\$72.84									\$35.71
Lighting Technology Services - 3	3				\$72.84									\$72.84
MR. PLANT - 1	1				\$37.50									\$72.84
MR. PLANT - 2	2				\$76.48									\$37.50
MR. PLANT - 3	3				\$76.48									\$76.48
Patriot Air Systems Inc. - 1	1				\$1,307.64									\$76.48
Patriot Air Systems - 2	2				\$2,666.96									\$1,307.64
Patriot Air Systems - 3	3				\$2,666.96									\$2,666.96
Protection One Alarm - 1	1				\$44.23									\$44.23
Protection One - 2	2				\$187.86									\$44.23
Protection One - 3	3				\$187.86									\$187.86
Red Hawk Fire & Security - 1	1				\$0.00									\$187.86
Skyline Pest Control - 1	1				\$49.04									\$0.00
Skyline Pest Control - 2	2				\$100.01									\$49.04
Skyline Pest Control - 3	3				\$100.01									\$100.01
South Shore Building Services - 1	1				\$249.37									\$100.01
South Shore Building Services - 2	2				\$508.60									\$249.37
South Shore Building Services - 3	3				\$508.60									\$508.60
SOUTHERN CAL EDISON - 1	1				\$0.00									\$508.60
Southern California Edison - 1	1				\$3,976.94									\$0.00
Southern California Edison - 2	2				\$2,994.35									\$3,976.94
Southern California Edison - 3	3				\$2,994.35									\$2,994.35
SUPPORT SERVICES OF AMERICA, INC. - 1	1				\$0.00									\$2,994.35
Thompson National Properties - 1	1				\$6.76									\$0.00

Exhibit "A"  
 Subject to alteration based on claims yet to be filed and Debtor's analysis of claims and filing of claims objections.  
 All Rights Reserved.

Creditor	Wave No.	FILED CLAIM General Unsecured	SCHEDULED CLAIM			C / U / D	OBJECTION Basis of Objection, If Any	PROPOSED TREATMENT OF CLAIM		
			Schedule "D" Secured	Schedule "E" Priority	Schedule "F" Unsecured			Proposed Secured Amount	Proposed Priority Amount	Proposed Unsecured Amount
Thompson National Properties - 2	2				\$261.59				\$261.59	
Thompson National Properties - 3	3				\$261.59				\$261.59	
TNP PROPERTY MANAGER, LLC - 1	1				\$1,655.20				\$1,655.20	
TNP PROPERTY MANAGER, LLC - 2	2				\$3,375.81				\$3,375.81	
TNP PROPERTY MANAGER, LLC - 3	3				\$3,375.81				\$3,375.81	
VERIZON CALIFORNIA - 1	1				\$0.00				\$0.00	
VERIZON SOUTHWEST - 2	2				\$87.04				\$87.04	
VERIZON SOUTHWEST - 3	3				\$87.04				\$87.04	
WASTE MANAGEMENT-GI INDUSTRIES - 1	1				\$0.00				\$0.00	
WASTE MANAGEMENT-GI INDUSTRIES - 2	2				\$0.00				\$0.00	
WASTE MANAGEMENT-GI INDUSTRIES - 3	3				\$0.00				\$0.00	
JEMM INVESTMENTS					\$10,000.00				\$10,000.00	
U.S. Bank Nat'l Assoc.					\$27,866,207.19				\$27,866,207.19	
WELLS FARGO BANK, N.A.					\$0.00				\$0.00	
COUNTY OF VENTURA-TAX					\$0.00				\$0.00	
TOTAL CLAIMS								\$27,876,207.19	\$42,197.51	\$27,918,404.70

Exhibit "A"

Subject to alteration based on claims yet to be filed and Debtors' analysis of claims and filing of claims objections.  
All Rights Reserved.

**EXHIBIT B**

Creditor	Wave No.	FILED CLAIM			SCHEDULED CLAIM			C/S/D	OBJECTION Basis of Objection, If Any	PROPOSED TREATMENT OF CLAIM		
		General Unsecured	Schedule "D" Secured	Schedule "E" Priority	Schedule "F" Unsecured	Proposed Secured Amount	Proposed Priority Amount			Proposed Unsecured Amount		
Amtech Elevator Services - 1	1											
ARCADIA PROPERTY SERVICES INC. - 1 (AR-RC 14)	1				\$0.00							\$0.00
ARCADIA PROPERTY SERVICES INC. - 2 (AR-RC 3)	2				\$50.30							\$50.30
ARCADIA PROPERTY SERVICES INC. - 3 (AR-RC 10)	3				\$205.51							\$205.51
AT & T - 1	1				\$205.51							\$205.51
AT & T - 2	2				\$0.00							\$0.00
AT & T - 3	3				\$24.22							\$24.22
California American Water - 1	1				\$24.22							\$24.22
California American Water - 2	2				\$18.77							\$18.77
CALIFORNIA AMERICAN WATER - 2	2				\$0.00							\$0.00
CALIFORNIA AMERICAN WATER - 3	3				\$2,805.59							\$2,805.59
CAM Services - 2	2				\$2,805.59							\$2,805.59
CAM Services - 3	3				\$1,495.54							\$1,495.54
CITY OF THOUSAND OAKS WATER - 1	1				\$1,495.54							\$1,495.54
Empire Building Services - 1	1				\$0.00							\$0.00
Empire Building Services - 2	2				\$947.66							\$947.66
Empire Building Services - 3	3				\$1,932.78							\$1,932.78
ENCORE FIRE EXTINGUISHER SERVICE, INC. - 1	1				\$1,932.78							\$1,932.78
Inland Pacific Roofing - 1	1				\$0.00							\$0.00
Lighting Technology Services - 1	1				\$0.00							\$0.00
Lighting Technology Services - 2	2				\$35.71							\$35.71
Lighting Technology Services - 3	3				\$72.84							\$72.84
MR. PLANT - 1	1				\$72.84							\$72.84
MR. PLANT - 2	2				\$37.50							\$37.50
MR. PLANT - 3	3				\$76.48							\$76.48
Patriot Air Systems Inc. - 1	1				\$76.48							\$76.48
Patriot Air Systems - 2	2				\$1,307.64							\$1,307.64
Patriot Air Systems - 3	3				\$2,666.96							\$2,666.96
Protection One Alarm - 1	1				\$2,666.96							\$2,666.96
Protection One - 2	2				\$44.23							\$44.23
Protection One - 3	3				\$187.86							\$187.86
Red Hawk Fire & Security - 1	1				\$187.86							\$187.86
Skyline Pest Control - 1	1				\$0.00							\$0.00
Skyline Pest Control - 2	2				\$49.04							\$49.04
Skyline Pest Control - 3	3				\$100.01							\$100.01
South Shore Building Services - 1	1				\$100.01							\$100.01
South Shore Building Services - 2	2				\$249.37							\$249.37
South Shore Building Services - 3	3				\$508.60							\$508.60
SOUTHERN CAL EDISON - 1	1				\$508.60							\$508.60
Southern California Edison - 1	1				\$0.00							\$0.00
Southern California Edison - 2	2				\$0.00							\$0.00
Southern California Edison - 3	3				\$2,994.35							\$2,994.35
SUPPORT SERVICES OF AMERICA, INC. - 1	1				\$2,994.35							\$2,994.35
Thompson National Properties - 1	1				\$0.00							\$0.00
	1				\$6.76							\$6.76

Exhibit "B"  
Subject to alteration based on claims yet to be filed and Debtors' analysis of claims and filing of claims objections.  
All Rights Reserved.

Creditor	Wave No.	FILED CLAIM				SCHEDULED CLAIM			OBJECTION	PROPOSED TREATMENT OF CLAIM		
		General Unsecured	Schedule "D" Secured	Schedule "E" Priority	Schedule "F" Unsecured	C / S / D	Basis of Objection, If Any	Proposed Secured Amount		Proposed Priority Amount	Proposed Unsecured Amount	
Thompson National Properties - 2	2				\$261.59						\$261.59	
Thompson National Properties - 3	3				\$261.59						\$261.59	
TNP PROPERTY MANAGER, LLC - 1	1				\$1,655.20						\$1,655.20	
TNP PROPERTY MANAGER, LLC - 2	2				\$3,375.81						\$3,375.81	
TNP PROPERTY MANAGER, LLC - 3	3				\$3,375.81						\$3,375.81	
VERIZON CALIFORNIA - 1	1				\$0.00						\$0.00	
VERIZON CALIFORNIA - 2	2				\$0.00						\$0.00	
VERIZON CALIFORNIA - 3	3				\$87.04						\$87.04	
VERIZON SOUTHWEST - 1	1				\$0.00						\$0.00	
VERIZON SOUTHWEST - 2	2				\$0.00						\$0.00	
VERIZON SOUTHWEST - 3	3				\$0.00						\$0.00	
WASTE MANAGEMENT-GI INDUSTRIES - 1	1				\$0.00						\$0.00	
WASTE MANAGEMENT-GI INDUSTRIES - 2	2				\$0.00						\$0.00	
WASTE MANAGEMENT-GI INDUSTRIES - 3	3				\$0.00						\$0.00	
TOTAL CLAIMS										\$0.00	\$42,197.51	\$42,197.51

Exhibit "B"  
 Subject to alteration based on claims yet to be filed and Debtors' analysis of claims and filing of claims objections.  
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**EXHIBIT C**

	FALSE Mar-2011	FALSE Year 2 Mar-2012	FALSE Year 3 Mar-2013	FALSE Year 4 Mar-2014	FALSE Year 5 Mar-2015	FALSE Year 6 Mar-2016	FALSE Year 7 Mar-2017	FALSE Year 8 Mar-2018	FALSE Year 9 Mar-2019	FALSE Year 10 Mar-2020	FALSE Year 11 Mar-2021	FALSE Year 12 Mar-2022	FALSE Year 13 Mar-2023	FALSE Year 14 Mar-2024	FALSE Year 15 Mar-2025
<b>PROPERTY CASH FLOW</b>															
<b>EFFECTIVE GROSS REVENUE</b>															
Base Rental Revenue	2,513,274	2,560,680	2,658,179	2,814,587	2,902,761	3,040,768	3,153,078	3,250,020	3,346,656	3,442,305	3,548,274	3,646,056	3,756,546	3,864,162	3,997,606
Absorption & Turnover Velocity	(77,534)	(156,532)	(193,913)	(249,313)	(442,912)	(482,265)	(521,225)	(560,685)	(600,250)	(640,920)	(682,695)	(725,575)	(769,560)	(814,650)	(860,850)
Base Rent Reimbursements	(5,152)	(9,999)	(19,999)	(39,999)	(79,999)	(119,999)	(159,999)	(200,000)	(240,000)	(280,000)	(320,000)	(360,000)	(400,000)	(440,000)	(480,000)
Scheduled Base Rental Revenue	1,731,001	1,975,228	2,067,386	2,141,503	2,310,145	2,216,226	2,597,871	2,597,871	2,625,221	2,842,390	2,653,619	2,668,566	2,840,383	2,975,735	3,097,719
Expense Reimbursements Revenue	201,660	204,820	206,741	164,400	169,032	152,150	169,243	195,796	208,228	211,937	196,072	205,621	210,550	199,317	223,900
Antenna	8,226	6,413	6,906	6,803	7,008	7,218	7,434	7,660	7,898	8,123	8,368	8,618	8,877	9,145	9,418
Total Potential Gross Revenue	1,938,887	2,186,288	2,200,745	2,312,706	2,406,185	2,435,653	2,704,253	2,801,385	2,841,647	3,062,450	3,043,747	3,059,810	3,174,197	3,174,197	3,340,746
General Velocity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Collection Loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL EFFECTIVE GROSS REVENUE</b>	1,938,887	2,186,288	2,200,745	2,312,706	2,406,185	2,435,653	2,704,253	2,801,385	2,841,647	3,062,450	3,043,747	3,059,810	3,174,197	3,174,197	3,340,746
<b>OPERATING EXPENSES</b>															
Cleaning Expenses	61,684	65,665	66,665	67,635	68,664	71,753	73,906	76,123	78,408	80,758	83,163	85,677	88,248	90,896	93,621
Cleaning Expenses 2	3,939	4,059	4,179	4,299	4,419	4,539	4,659	4,779	4,899	5,019	5,139	5,259	5,379	5,499	5,766
Repairs & Maintenance	13,126	13,518	13,910	14,302	14,694	15,086	15,478	15,870	16,262	16,654	17,046	17,438	17,830	18,222	18,571
Repairs & Maintenance 2	58,724	60,484	62,244	64,004	65,764	67,524	69,284	71,044	72,804	74,564	76,324	78,084	79,844	81,604	83,364
Grounds Maintenance	71,118	78,433	85,748	93,063	100,378	107,693	115,008	122,323	129,638	136,953	144,268	151,583	158,898	166,213	173,528
Grounds Maintenance 2	105,432	108,997	112,562	116,127	119,692	123,257	126,822	130,387	133,952	137,517	141,082	144,647	148,212	151,777	155,342
Utilities	46,905	48,313	49,721	51,129	52,537	53,945	55,353	56,761	58,169	59,577	60,985	62,393	63,801	65,209	66,617
Utilities 2	3,906	4,082	4,258	4,434	4,610	4,786	4,962	5,138	5,314	5,490	5,666	5,842	6,018	6,194	6,370
Management Fees	50,989	52,387	53,785	55,183	56,581	57,979	59,377	60,775	62,173	63,571	64,969	66,367	67,765	69,163	70,561
Insurance	12,195	12,591	12,987	13,383	13,779	14,175	14,571	14,967	15,363	15,759	16,155	16,551	16,947	17,343	17,739
Insurance 2	106,812	110,812	114,812	118,812	122,812	126,812	130,812	134,812	138,812	142,812	146,812	150,812	154,812	158,812	162,812
Property Taxes	106,812	110,812	114,812	118,812	122,812	126,812	130,812	134,812	138,812	142,812	146,812	150,812	154,812	158,812	162,812
Property Taxes 2	170,194	173,987	177,780	181,573	185,366	189,159	192,952	196,745	200,538	204,331	208,124	211,917	215,710	219,503	223,296
Administration	48,331	49,780	51,229	52,678	54,127	55,576	57,025	58,474	59,923	61,372	62,821	64,270	65,719	67,168	68,617
Administration 2	65,511	67,478	69,445	71,412	73,379	75,346	77,313	79,280	81,247	83,214	85,181	87,148	89,115	91,082	93,049
Spring	47	41	41	41	41	41	41	41	41	41	41	41	41	41	41
<b>TOTAL OPERATING EXPENSES</b>	859,988	929,872	963,394	980,468	1,010,052	1,035,977	1,067,367	1,098,730	1,125,110	1,159,661	1,192,226	1,218,462	1,248,063	1,282,867	1,319,671
<b>NET OPERATING INCOME</b>	1,078,899	1,256,416	1,237,351	1,332,237	1,476,133	1,402,676	1,636,886	1,702,655	1,716,537	1,902,789	1,851,521	1,841,348	1,916,134	1,891,330	2,021,075
<b>LEASING &amp; CAPITAL COSTS</b>															
Tenant Improvements	20,028	200,527	177,655	114,134	0	408,710	99,388	108,512	0	136,262	460,553	87,257	172,065	477,807	157,898
Leasing Commissions	20,142	131,565	107,049	81,287	0	167,857	77,668	77,668	0	97,961	344,872	62,146	122,561	186,000	112,521
Capital Expenditures	23,878	23,878	23,878	23,878	23,878	23,878	23,878	23,878	23,878	23,878	23,878	23,878	23,878	23,878	23,878
General & Administration	58,843	60,068	62,427	64,300	66,227	68,217	70,362	72,569	74,841	77,177	79,580	82,052	84,597	87,214	89,906
<b>TOTAL LEASING &amp; CAPITAL COSTS</b>	122,891	416,578	531,209	263,599	60,105	668,662	264,314	263,705	98,419	333,669	908,332	254,733	402,421	774,089	383,333
<b>CASH FLOW</b>	956,008	839,838	716,142	1,068,638	1,372,828	735,414	1,372,828	1,420,940	1,618,118	1,569,118	747,189	1,610,222	1,499,716	1,117,411	1,637,742
Cash Flow Adjustments	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)
TLC Reimbursements	43,170	332,062	444,904	0	0	574,597	1,170,174	187,508	0	233,343	605,425	148,725	294,725	663,225	270,725
TLC Reimbursements 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Adjustments	(136,830)	152,062	264,904	0	0	384,597	(6,226)	7,508	(180,000)	53,343	625,425	(30,977)	114,648	463,207	90,509
Cash Flow Before Debt Service	776,178	991,930	961,046	1,068,042	1,202,028	1,119,011	1,366,602	1,428,448	1,438,118	1,622,134	1,392,675	1,579,225	1,523,962	1,601,238	1,728,191
Debt Service - Note	(654,274)	(654,274)	(654,274)	(654,274)	(654,274)	(654,274)	(654,274)	(654,274)	(654,274)	(654,274)	(654,274)	(654,274)	(654,274)	(654,274)	(654,274)
Debt Service - Note 2	(304,436)	(304,436)	(304,436)	(304,436)	(304,436)	(304,436)	(304,436)	(304,436)	(304,436)	(304,436)	(304,436)	(304,436)	(304,436)	(304,436)	(304,436)
Reserve Draw to Cover Debtor Payments	304,888	86,668	86,668	86,668	86,668	86,668	86,668	86,668	86,668	86,668	86,668	86,668	86,668	86,668	86,668
Payment to Joint Investors	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)
Payment to Unsecured Creditors	(16,655)	(21,653)	(27,651)	(32,649)	(37,647)	(42,645)	(47,643)	(52,641)	(57,639)	(62,637)	(67,635)	(72,633)	(77,631)	(82,629)	(87,627)
Administrative Payment	(150,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>CASH FLOW AFTER DEBT SERVICE</b>	145,554	336,310	221,412	355,625	262,048	454,845	519,297	529,007	529,007	713,623	256,466	308,235	268,679	356,783	400,465
<b>Working Capital Reserve</b>															
Cash Flow	620,309	460,250	336,428	131,362	266,906	744,189	578,881	1,046,801	1,523,987	2,264,884	2,628,728	2,353,651	2,628,728	2,700,937	2,461,332
Cash Flow from Prior Period	0	120,650	196,527	217,430	262,881	297,439	461,184	464,355	561,937	671,168	262,483	302,645	262,635	350,323	394,333
Impounds	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
TLC M/RV Draw	(43,170)	(332,062)	(444,904)	(0)	(0)	(574,597)	(1,170,174)	(187,508)	0	(233,343)	(605,425)	(148,725)	(294,725)	(663,225)	(270,725)
Debt Service Draw	(304,888)	(86,668)	(86,668)	(86,668)	(86,668)	(86,668)	(86,668)	(86,668)	(86,668)	(86,668)	(86,668)	(86,668)	(86,668)	(86,668)	(86,668)
Ending Balance	460,250	336,428	131,362	266,906	744,189	578,881	1,046,801	1,523,987	2,264,884	2,842,728	2,353,651	2,628,728	2,700,937	2,461,332	2,792,356

**EXHIBIT D**



Database: THOMPSONNTL	<b>Property Balance Sheet</b>	Page: 1
PROJ: 632	Thompson National Properties	Date: 2/1/2012
	ARI Rancho Conejo I & II	Time: 07:01 AM
Cash		
Dec 2011		

**ASSETS**

**CURRENT ASSETS**

**CASH**

Wells Fargo -Operating	(252.48)
City National Bank -Operating	111,479.09
Key Bank -Operating	762,101.71
Deposit / Lock Box -3rd Prop. Mgmt	(100.00)
Reserve -Property Taxes	40,652.47
Reserve -Insurance	22,138.63
Reserve -TI/LC	591,002.53
Reserve -Capital Replacement	1,682.13
Reserve -Miscellaneous	3,500.00
<b>Total Cash</b>	<b>1,532,204.08</b>

**TOTAL CURRENT ASSETS** 1,532,204.08

**LAND**

Land	8,200,170.06
Land Improvement	4,681,599.24
<b>Total Land</b>	<b>12,881,769.30</b>

**STRUCTURES, NET**

Building	20,971,281.74
Bldg/Site Improvements	193,730.73
Tenant Improvements	220,945.37
<b>Total Structures, Net</b>	<b>21,385,957.84</b>

**DEFERRED CHARGES/OTHER ASSETS**

Lease Commissions	204,260.15
Capitalized Leasing Legal Costs	4,427.77
Loan Fees	299,450.00
<b>Total Deferred Charges/Other Assets</b>	<b>508,137.92</b>

**TOTAL ASSETS** 36,308,069.14

**LIABILITIES AND EQUITY**

**LIABILITIES**

**CURRENT LIABILITES**

**OTHER PAYABLES**

Security/Tenant Deposits	54,382.05
Prepaid Rents	25,158.20
TI Credit from Seller	59,000.00

Database: THOMPSONNTL	<b>Property Balance Sheet</b>	Page: 2
PROJ: 632	<b>Thompson National Properties</b>	Date: 2/1/2012
	<b>ARI Rancho Conejo I &amp; II</b>	Time: 07:01 AM
Cash		
Dec 2011		

Other Liabilities	3,500.00
Total Other Payables	142,040.25
<b>LONG-TERM DEBT</b>	
Mortgages	23,437,500.00
Notes Payable	197,006.80
Total Long-Term Debt	23,634,506.80
<b>TOTAL LIABILITIES</b>	<b>23,776,547.05</b>
<b>EQUITY</b>	
<b>STOCK/EQUITY</b>	
Total Stock/Equity	0.00
<b>DISTRIBUTIONS/DIVIDENDS</b>	
Distributions	(2,892,756.09)
Total Distributions/Dividends	2,892,756.09
<b>PAID IN CAPITAL/CONTRIBUTIONS</b>	
Limited Partner Contribution	11,600,000.00
Total Paid in Capital/Contributions	11,600,000.00
<b>RETAINED EARNINGS</b>	
Current Year Retained Earnings	628,150.31
Prior Year Retained Earnings	3,196,127.87
Total Retained Earnings	(3,824,278.18)
<b>TOTAL EQUITY</b>	<b>12,531,522.09</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>36,308,069.14</b>

Database: THOMPSONNTL	Page: 1
PROJ: 632	Date: 2/1/2012
	Time: 07:04 AM
Comparative Income Statement w/Include Months Property Investor Cash Flow Detail Thompson National Properties ARI Rancho Conejo I & II	
Cash	

	Current Period (Includes 3 months)			Actual Dec 2011	Year-To-Date Budget Dec 2011	Variance	
	Actual Dec 2011	Budget Dec 2011	Variance				
<b>REVENUE</b>							
<b>REAL ESTATE OPERATING / RENTAL</b>							
RENT							
Prepaid Rents	(103,921.15)	0.00	(103,921.15)	(155,570.83)	0.00	(155,570.83)	0.00%
Abatements -Office	(73,974.60)	0.00	(73,974.60)	(169,734.60)	0.00	(169,734.60)	0.00%
Base Rent -Office	766,248.63	657,283.30	108,965.33	2,837,110.24	2,782,155.78	54,954.46	1.98%
<b>TOTAL RENTS</b>	<b>588,352.88</b>	<b>657,283.30</b>	<b>(68,930.42)</b>	<b>2,511,804.81</b>	<b>2,782,155.78</b>	<b>(270,350.97)</b>	<b>-9.72%</b>
<b>CAM RECOVERIES</b>							
Common Area Operation	65,729.33	72,729.12	(6,999.79)	270,567.63	290,916.47	(20,348.84)	-6.99%
HVAC	100.00	0.00	100.00	100.00	0.00	100.00	0.00%
Prior Year CAM Recoveries	0.00	0.00	0.00	156,742.01	0.00	156,742.01	0.00%
<b>TOTAL CAM RECOVERIES</b>	<b>65,829.33</b>	<b>72,729.12</b>	<b>(6,899.79)</b>	<b>427,409.64</b>	<b>290,916.47</b>	<b>136,493.17</b>	<b>46.92%</b>
<b>OTHER INCOME</b>							
Antenna	1,500.00	1,500.00	0.00	6,500.00	6,000.00	500.00	8.33%
Late Charges	292.34	0.00	292.34	624.53	0.00	624.53	0.00%
Miscellaneous Income	116.89	0.00	116.89	116.89	0.00	116.89	0.00%
Other Space Rent	25.00	0.00	25.00	425.00	0.00	425.00	0.00%
HVAC -After Hours	500.00	0.00	500.00	500.00	0.00	500.00	0.00%
Tenant Services	2,089.00	0.00	2,089.00	(408.00)	0.00	(408.00)	0.00%
Interest Income -Property	0.00	0.00	0.00	0.07	0.00	0.07	0.00%
<b>TOTAL OTHER INCOME</b>	<b>4,523.23</b>	<b>1,500.00</b>	<b>3,023.23</b>	<b>7,758.49</b>	<b>6,000.00</b>	<b>1,758.49</b>	<b>29.31%</b>
<b>TOTAL REAL ESTATE OPERATING / RENTAL</b>	<b>658,705.44</b>	<b>731,512.42</b>	<b>(72,806.98)</b>	<b>2,946,972.94</b>	<b>3,079,072.25</b>	<b>(132,099.31)</b>	<b>-4.29%</b>
<b>TOTAL REVENUE</b>	<b>658,705.44</b>	<b>731,512.42</b>	<b>(72,806.98)</b>	<b>2,946,972.94</b>	<b>3,079,072.25</b>	<b>(132,099.31)</b>	<b>-4.29%</b>
<b>OPERATING EXPENSES</b>							
<b>RECOVERABLE EXPENSES</b>							

Database: THOMPSONNTL	Page: 2
PROJ: 632	Date: 2/1/2012
	Time: 07:04 AM
<b>Comparative Income Statement w/Include Months</b> <b>Property Investor Cash Flow Detail</b> <b>Thompson National Properties</b> <b>ARI Rancho Conejo I &amp; II</b>	
Cash	

	Current Period (Includes 3 months)			Year-To-Date Budget Dec 2011	Variance	Actual Dec 2011	Budget Dec 2011	Variance
	Actual Dec 2011	Budget Dec 2011	Variance					
<b>CLEANING EXPENSE</b>								
Day Porter	5,373.32	4,146.00	(1,227.32)	16,584.00	273.89	16,310.11	16,584.00	1.65%
Carpet/Drapes Cleaning	0.00	0.00	0.00	2,000.00	2,000.00	0.00	2,000.00	100.00%
Janitorial Contract	15,469.18	11,601.00	(3,868.18)	46,404.00	7,897.41	38,506.59	46,404.00	17.02%
Janitorial Vacancy	0.00	0.00	0.00	1,000.00	1,000.00	0.00	1,000.00	100.00%
Janitorial Supplies & Materials	2,700.00	2,100.00	(600.00)	8,400.00	467.52	7,932.48	8,400.00	5.57%
Other Cleaning	0.00	0.00	0.00	1,200.00	(82.50)	1,282.50	1,200.00	-6.88%
Window Washing	912.00	960.00	48.00	4,860.00	385.50	4,474.50	4,860.00	7.93%
<b>TOTAL CLEANING EXPENSES</b>	<b>24,454.50</b>	<b>18,807.00</b>	<b>(5,647.50)</b>	<b>80,448.00</b>	<b>11,941.82</b>	<b>68,506.18</b>	<b>80,448.00</b>	<b>14.84%</b>
<b>REPAIRS &amp; MAINTENANCE</b>								
Common Area Signage	0.00	200.00	200.00	800.00	(40.26)	840.26	800.00	-5.03%
Door Locks & Keys	70.51	200.00	129.49	800.00	729.49	70.51	800.00	91.19%
Electrical Contracts/Repairs	4,825.00	850.00	(3,975.00)	7,275.00	2,287.50	4,987.50	7,275.00	31.44%
ElevatorContract -Rep & Maint	470.35	823.00	352.65	3,292.00	1,410.60	1,881.40	3,292.00	42.85%
Elevator Supplies	0.00	75.00	75.00	300.00	300.00	0.00	300.00	100.00%
Fire and Life Safety	1,184.03	1,664.00	479.97	9,706.00	5,051.98	4,654.02	9,706.00	52.05%
HVAC Repairs	170.00	1,200.00	1,030.00	4,800.00	2,221.50	2,578.50	4,800.00	46.28%
HVAC Contracts/Material	0.00	1,110.00	1,110.00	4,440.00	3,330.00	1,110.00	4,440.00	75.00%
Interior Repairs & Maintenance	0.00	250.00	250.00	2,500.00	(365.00)	2,865.00	2,500.00	-14.60%
Holiday Decorations	212.31	200.00	(12.31)	200.00	(12.31)	212.31	200.00	-6.16%
Licenses and Inspection Fees	0.00	200.00	200.00	200.00	200.00	0.00	200.00	100.00%
Lighting Fixtures & Lights	0.00	1,400.00	1,400.00	5,600.00	2,385.81	3,214.19	5,600.00	42.60%
Window Repair / Replacement	0.00	500.00	500.00	2,000.00	298.00	1,702.00	2,000.00	14.90%
Other Building Repairs & Maintenance	1,928.00	800.00	(1,128.00)	3,200.00	1,071.34	2,128.66	3,200.00	33.48%
Plumbing	462.00	2,375.00	1,913.00	4,100.00	2,128.66	1,971.34	4,100.00	51.92%
Roof Repairs	0.00	1,375.00	1,375.00	5,500.00	2,625.90	2,874.10	5,500.00	47.74%
Security Devices	170.00	195.00	25.00	780.00	(155.00)	935.00	780.00	-19.87%
Tools	0.00	0.00	0.00	200.00	200.00	0.00	200.00	100.00%
Building Engineer Contract	2,601.40	3,360.00	758.60	13,440.00	10,838.60	2,601.40	13,440.00	80.64%
Exterior Painting and Graffiti Removal	0.00	0.00	0.00	1,600.00	1,600.00	0.00	1,600.00	100.00%
Interior Plant Maintenance	585.00	585.00	0.00	2,340.00	(224.02)	2,564.02	2,340.00	-9.57%
Landscaping Contract	7,800.00	7,800.00	0.00	31,200.00	0.00	31,200.00	31,200.00	0.00%
Landscaping Tree Trimming	8,000.00	0.00	(8,000.00)	14,005.00	6,005.00	8,000.00	14,005.00	42.88%
Landscaping Supplies and Labor	3,460.00	3,050.00	(410.00)	8,600.00	4,640.00	3,960.00	8,600.00	53.95%

Database: THOMPSONNTL	Page: 3
PROJ: 632	Date: 2/1/2012
	Time: 07:04 AM
<b>Comparative Income Statement w/Include Months</b> <b>Property Investor Cash Flow Detail</b> <b>Thompson National Properties</b> <b>ARI Rancho Conejo I &amp; II</b>	
Cash	

	Thru:	Current Period (includes 3 months)			Actual Dec 2011	Budget Dec 2011	Variance	Year-To-Date	
		Actual Dec 2011	Budget Dec 2011	Variance				Actual Dec 2011	Budget Dec 2011
Landscaping Irrigation Repairs		0.00	900.00	900.00	100.00%	0.00	3,600.00	3,600.00	100.00%
Parking		315.00	315.00	0.00	0.00%	1,260.00	1,260.00	0.00	0.00%
Parking Lot Lighting Supplies		426.60	885.00	458.40	51.80%	2,196.98	3,540.00	1,343.02	37.94%
Parking Lot Repairs		0.00	250.00	250.00	100.00%	6,905.62	5,200.00	(1,705.62)	-32.80%
Parking Lot Sweeping		896.00	786.00	(110.00)	-13.99%	3,254.00	3,144.00	(110.00)	-3.50%
Paving & Walkways		960.00	0.00	(960.00)	0.00%	2,442.00	0.00	(2,442.00)	0.00%
Pest Control Exterior		1,320.00	510.00	(810.00)	-158.82%	2,955.00	2,040.00	(915.00)	-44.85%
Steam Cleaning		242.30	255.00	12.70	4.98%	969.20	1,020.00	50.80	4.98%
<b>TOTAL REPAIRS &amp; MAINTENANCE</b>		<b>36,098.50</b>	<b>32,113.00</b>	<b>(3,985.50)</b>	<b>-12.41%</b>	<b>100,333.01</b>	<b>146,682.00</b>	<b>46,348.99</b>	<b>31.60%</b>
<b>UTILITIES</b>									
Electric		25,699.28	26,532.00	832.72	3.14%	92,143.10	106,121.00	13,977.90	13.17%
Electric -Parking		4,841.74	4,506.00	(335.74)	-7.45%	17,636.31	18,009.00	372.69	2.07%
Energy Consulting		0.00	0.00	0.00	0.00%	1,000.00	0.00	(1,000.00)	0.00%
Sewer		977.29	1,007.00	29.71	2.95%	5,863.74	6,042.00	178.26	2.95%
Trash Removal		1,111.53	1,197.00	85.47	7.14%	4,355.12	4,788.00	432.88	9.04%
Telephones		69.57	0.00	(69.57)	0.00%	166.65	110.00	(56.65)	-51.50%
Elevator Phones		135.03	0.00	(135.03)	0.00%	543.69	0.00	(543.69)	0.00%
Water		11,543.20	9,600.00	(1,943.20)	-20.24%	48,280.38	38,395.00	(9,885.38)	-25.75%
Direct Billing_Electric Reimb		(2,693.96)	0.00	2,693.96	0.00%	(2,693.96)	0.00	2,693.96	0.00%
<b>TOTAL UTILITIES</b>		<b>41,683.68</b>	<b>42,842.00</b>	<b>1,158.32</b>	<b>2.70%</b>	<b>167,295.03</b>	<b>173,465.00</b>	<b>6,169.97</b>	<b>3.56%</b>
<b>ADMINISTRATIVE</b>									
Administrative -Other		1,039.13	0.00	(1,039.13)	0.00%	1,355.68	448.00	(907.68)	-202.61%
On-Site Manager Payroll		9,531.73	5,880.00	(3,651.73)	-62.10%	32,212.95	23,520.00	(8,692.95)	-36.96%
Postage & Delivery		0.00	30.00	30.00	100.00%	0.00	120.00	120.00	100.00%
Office Expense		325.67	115.05	(210.62)	-183.07%	1,453.97	1,740.20	286.23	16.45%
Tenant Relations		0.00	200.00	200.00	100.00%	126.99	800.00	673.01	84.13%
Dues and Subscriptions		1,024.78	300.00	(724.78)	-241.59%	2,404.09	1,200.00	(1,204.09)	-100.34%
Mileage & Travel		71.74	201.00	129.26	64.31%	628.03	804.00	175.97	21.89%
Employee Relation & Training		0.00	1,100.00	1,100.00	100.00%	0.00	3,300.00	3,300.00	100.00%
Meals & Entertainment (Prop)		26.19	0.00	(26.19)	0.00%	26.19	0.00	(26.19)	0.00%
<b>TOTAL ADMINISTRATIVE</b>		<b>12,019.24</b>	<b>7,826.05</b>	<b>(4,193.19)</b>	<b>-53.58%</b>	<b>38,207.90</b>	<b>31,932.20</b>	<b>(6,275.70)</b>	<b>-19.65%</b>

Database: THOMPSONNTL		Comparative Income Statement w/Include Months				Page: 4		
PROJ: 632		Property Investor Cash Flow Detail				Date: 2/1/2012		
Cash		Thompson National Properties				Time: 07:04 AM		
		ARI Rancho Conejo I & II						
Thru:	Current Period (includes 3 months)		Actual Dec 2011	Budget Dec 2011	Variance	Year-To-Date Budget Dec 2011	Variance	
	Actual Dec 2011	Budget Dec 2011						
<b>MANAGEMENT FEES</b>								
Prop Mgmt Fees -TNP Entities	48,435.79	21,945.37	(26,490.42)	-120.71%	125,431.53	92,372.17	(33,059.36)	-35.79%
<b>TOTAL MANAGEMENT FEES</b>	<b>48,435.79</b>	<b>21,945.37</b>	<b>(26,490.42)</b>	<b>-120.71%</b>	<b>125,431.53</b>	<b>92,372.17</b>	<b>(33,059.36)</b>	<b>-35.79%</b>
<b>REAL ESTATE TAXES</b>								
Real Property Taxes	264,328.92	192,555.01	(71,773.91)	-37.27%	412,057.90	381,334.42	(30,723.48)	-8.06%
Property Tax Consulting	0.00	0.00	0.00	0.00%	7,500.00	0.00	(7,500.00)	0.00%
Supplemental Prop. Taxes	0.00	4,995.14	4,995.14	100.00%	0.00	13,373.00	13,373.00	100.00%
<b>TOTAL REAL ESTATE TAXES</b>	<b>264,328.92</b>	<b>197,550.15</b>	<b>(66,778.77)</b>	<b>-33.80%</b>	<b>419,557.90</b>	<b>394,707.42</b>	<b>(24,850.48)</b>	<b>-6.30%</b>
<b>PROPERTY INSURANCE</b>								
Liability Insurance	143.97	0.00	(143.97)	0.00%	4,388.44	2,614.00	(1,774.44)	-67.88%
Property Insurance	0.00	0.00	0.00	0.00%	9,272.63	16,046.00	6,773.37	42.21%
Other Insurance	0.00	0.00	0.00	0.00%	163.84	0.00	(163.84)	0.00%
<b>TOTAL PROPERTY INSURANCE</b>	<b>143.97</b>	<b>0.00</b>	<b>(143.97)</b>		<b>13,824.91</b>	<b>18,660.00</b>	<b>4,835.09</b>	<b>25.91%</b>
<b>TOTAL RECOVERABLE EXPENSES</b>								
	427,164.60	321,083.57	(106,081.03)	-33.04%	933,156.46	938,266.79	5,110.33	0.54%
<b>NON RECOVERABLE EXPENSES</b>								
Signage (non Recoverable)	0.00	200.00	200.00	100.00%	0.00	800.00	800.00	100.00%
Fees & Licenses (non Recoverable)	0.00	0.00	0.00	0.00%	1,050.00	1,050.00	0.00	0.00%
Misc (non Recoverable)	81.01	200.00	118.99	59.50%	234.58	800.00	565.42	70.68%
<b>TOTAL NON RECOVERABLE EXPENSES</b>	<b>81.01</b>	<b>400.00</b>	<b>318.99</b>	<b>79.75%</b>	<b>1,284.58</b>	<b>2,650.00</b>	<b>1,365.42</b>	<b>51.53%</b>
<b>TOTAL OPERATING EXPENSES</b>								
	427,245.61	321,483.57	(105,762.04)	-32.90%	934,441.04	940,916.79	6,475.75	0.69%
<b>TOTAL NET OPERATING INCOME</b>								
	231,459.83	410,028.84	(178,569.01)	-43.55%	2,012,531.90	2,138,155.46	(125,623.56)	-5.88%
<b>OWNER EXPENSES</b>								



TNP

**Property Balance Sheet  
ARI Rancho Conejo I & II**

Cash

PROJ: 632

Dec 2012

**ASSETS**

**CURRENT ASSETS**

**CASH**

City National Bank -Operating	150,669.22
Key Bank -Operating	636,263.84
Deposit / Lock Box -3rd Prop. Mgmt	(100.00)
Reserve -Property Taxes	89,462.02
Reserve -Insurance	14,091.60
Reserve -TI/LC	547,961.55
Reserve -Capital Replacement	13,162.53

**Total Cash** 1,451,510.76

**TOTAL CURRENT ASSETS** 1,451,510.76

**WORK IN PROGRESS**

WIP -Tenant Related	26,203.67
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**Total Work in Progress** 26,203.67

**LAND**

Land	8,200,170.06
Land Improvement	4,681,569.24

**Total Land** 12,881,769.30

**STRUCTURES**

Building	20,971,281.74
Bldg/Site Improvements	202,067.73
Tenant Improvements	216,408.84

**Total Structures** 21,389,758.31

**DEFERRED CHARGES/OTHER ASSETS**

Lease Commissions	325,451.57
Capitalized Leasing Legal Costs	6,369.88
Loan Fees	299,450.00

**Total Deferred Charges/Other Assets** 631,271.25

**TOTAL ASSETS** 36,380,513.29

**LIABILITIES AND EQUITY**

**LIABILITIES**



TNP

**Property Balance Sheet  
ARI Rancho Conejo I & II**

Cash

PROJ: 632

Dec 2012

**CURRENT LIABILITES**

**OTHER PAYABLES**

Security/Tenant Deposits	48,453.11
Prepaid Rents	150,181.43
<b>Total Other Payables</b>	<b>198,634.54</b>

**LONG-TERM DEBT**

Mortgages	23,185,650.31
Notes Payable	197,006.80
<b>Total Long-Term Debt</b>	<b>23,382,657.11</b>

<b>TOTAL LIABILITIES</b>	<b>23,581,291.65</b>
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**EQUITY**

**STOCK/EQUITY**

<b>Total Stock/Equity</b>	<b>0.00</b>
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**DISTRIBUTIONS/DIVIDENDS**

Distributions	(2,892,756.09)
<b>Total Distributions/Dividends</b>	<b>2,892,756.09</b>

**PAID IN CAPITAL/CONTRIBUTIONS**

Limited Partner Contribution	11,600,000.00
<b>Total Paid in Capital/Contributions</b>	<b>11,600,000.00</b>

**RETAINED EARNINGS**

Current Year Retained Earnings	287,699.55
Prior Year Retained Earnings	3,824,278.18
<b>Total Retained Earnings</b>	<b>(4,091,977.73)</b>

<b>TOTAL EQUITY</b>	<b>12,799,221.84</b>
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<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>38,380,513.29</b>
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**Comparative Income Statement (YTD Incl Notes)**  
**ARI Rancho Conejo I & II**

Cash

PROJ: 632

	Year-To-Date		
	Actual Dec 2012	Budget Dec 2012	Variance
<b>REVENUE</b>			
<b>REAL ESTATE OPERATING / RENTAL</b>			
RENT			
Prepaid Rents	125,023.23	0.00	125,023.23 0.00
Abatements -Office	(27,807.51)	(32,738.00)	4,930.49 15.06%
Base Rent -Office	2,281,124.34	2,527,873.87	(246,749.53) 9.76%
<b>TOTAL RENTS</b>	<b>2,378,340.06</b>	<b>2,495,135.87</b>	<b>(116,795.81)</b>
<b>CAM RECOVERIES</b>			
Common Area Operation	201,112.02	281,875.09	(80,763.07) 28.65%
HVAC	600.00	0.00	600.00 0.00%
Prior Year CAM Recoveries	(37,151.61)	0.00	(37,151.61) 0.00%
<b>TOTAL CAM RECOVERIES</b>	<b>164,560.41</b>	<b>281,875.09</b>	<b>(117,314.68)</b>
<b>OTHER INCOME</b>			
Antenna	6,000.00	6,000.00	0.00 0.00%
Miscellaneous Income	25.00	0.00	25.00 0.00%
Tenant Services	204.00	0.00	204.00 0.00%
<b>TOTAL OTHER INCOME</b>	<b>6,229.00</b>	<b>6,000.00</b>	<b>229.00</b>
<b>TOTAL REAL ESTATE OPERATING / RENTAL</b>	<b>2,549,129.47</b>	<b>2,783,010.96</b>	<b>(233,881.49)</b>

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**Comparative Income Statement (YTD Incl Notes)**  
**ARI Rancho Conejo I & II**

Cash

PROJ: 632

	Year-To-Date		
	Actual	Budget	Variance
	Dec 2012	Dec 2012	

<b>TOTAL REVENUE</b>	<b>2,549,129.47</b>	<b>2,783,010.96</b>	<b>(233,881.49)</b>
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<b>OPERATING EXPENSES</b>			
<b>RECOVERABLE EXPENSES</b>			
<b>CLEANING EXPENSE</b>			

Day Porter	16,119.96	16,119.96	0.00	0.00%
Carpet/Drapes Cleaning	220.00	0.00	(220.00)	0.00%
Janitorial Contract	29,045.23	31,547.88	2,502.65	-7.93%
Janitorial Supplies & Materials	8,698.60	7,800.00	(898.60)	11.52%
Other Cleaning	0.00	2,722.00	2,722.00	-100.00%
Window Washing	4,617.01	3,385.70	(1,231.31)	36.37%
<b>TOTAL CLEANING EXPENSES</b>	<b>58,700.80</b>	<b>61,575.54</b>	<b>2,874.74</b>	

<b>REPAIRS &amp; MAINTENANCE</b>				
Common Area Signage	0.00	800.00	800.00	-100.00%
Door Locks & Keys	113.00	800.00	687.00	-85.88%
Electrical Contracts/Repairs	0.00	3,775.00	3,775.00	-100.00%
Elevator Contract -Rep & Maint	2,962.40	2,974.00	11.60	-0.39%
Elevator Supplies	0.00	300.00	300.00	-100.00%
Fire and Life Safety	9,246.69	11,687.76	2,441.07	-20.89%
HVAC Repairs	3,939.00	4,800.00	861.00	-17.94%
HVAC Contracts/Material	6,120.00	4,400.00	(1,720.00)	39.09%
Interior Repairs & Maintenance	0.00	3,710.00	3,710.00	-100.00%
Holiday Decorations	0.00	200.00	200.00	-100.00%
Licenses and Inspection Fees	225.00	200.00	(25.00)	12.50%
Lighting Fixtures & Lights	0.00	5,740.00	5,740.00	-100.00%
Window Repair / Replacement	0.00	2,000.00	2,000.00	-100.00%
Other Building Repairs & Maintenance	508.17	25,110.00	24,601.83	-97.98%

**Comparative Income Statement (YTD Incl Notes)**  
**ARI Rancho Conejo I & II**

Cash PROJ: 632

	Year-To-Date		Variance
	Actual Dec 2012	Budget Dec 2012	
Plumbing	1,543.70	4,400.00	2,856.30 -64.92%
Roof Repairs	6,975.00	1,500.00	(5,475.00) 365.00%
Security Devices	1,091.30	1,020.00	(71.30) 6.99%
Tools	389.24	200.00	(189.24) 94.62%
Building Engineer Contract	14,892.03	12,528.00	(2,364.03) 18.87%
Exterior Painting and Graffiti Removal	0.00	42,490.00	42,490.00 -100.00%
Interior Plant Maintenance	2,340.00	2,340.00	0.00 0.00%
Landscaping Contract	31,950.00	31,200.00	(750.00) 2.40%
Landscaping Tree Trimming	0.00	14,004.00	14,004.00 -100.00%
Landscaping Supplies and Labor	0.00	3,684.00	3,684.00 -100.00%
Landscaping Irrigation Repairs	255.00	3,600.00	3,345.00 -92.92%
Parking	1,534.02	1,260.00	(274.02) 21.75%
Parking Lot Lighting Supplies	1,404.98	2,640.00	1,235.02 -46.78%
Parking Lot Repairs	0.00	21,974.00	21,974.00 -100.00%
Parking Lot Sweeping	3,144.00	3,144.00	0.00 0.00%
Paving & Walkways	1,140.00	3,000.00	1,860.00 -62.00%
Pest Control Exterior	3,060.00	3,480.00	420.00 -12.07%
Steam Cleaning	989.19	1,773.60	804.41 -45.35%
<b>TOTAL REPAIRS &amp; MAINTENANCE</b>	<b>93,802.72</b>	<b>220,734.36</b>	<b>126,931.64</b>
<b>UTILITIES</b>			
Electric	86,280.23	90,149.52	3,869.29 -4.29%
Electric - Parking	16,491.43	17,053.92	562.49 -3.30%
Sewer	5,963.74	14,135.04	8,271.30 -58.52%
Trash Removal	4,593.12	4,239.96	(353.16) 8.33%
Telephones	188.95	97.08	(91.87) 94.63%

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**TNP**  
**Comparative Income Statement (YTD Incl Notes)**  
**ARI Rancho Conejo I & II**

Cash

PROJ: 632

	Year-To-Date		
	Actual Dec 2012	Budget Dec 2012	Variance
Elevator Phones	635.13	558.00	(77.13) 13.82%
Water	53,591.44	15,717.24	(37,874.20) 240.97%
Direct Billing_Electric Reimb	(1,495.13)	0.00	1,495.13 0.00%
<b>TOTAL UTILITIES</b>	<b>166,148.91</b>	<b>141,950.76</b>	<b>(24,198.15)</b>
<b>ADMINISTRATIVE</b>			
Administrative -Other	47.98	450.00	402.02 -89.34%
On-Site Manager Payroll	126,344.46	34,934.40	(91,410.06) 261.66%
Postage & Delivery	779.09	120.00	(659.09) 549.24%
Office Expense	1,242.70	1,080.40	(162.30) 15.02%
Tenant Relations	68.72	800.00	731.28 -91.41%
Dues and Subscriptions	4,371.38	3,360.00	(1,011.38) 30.10%
Mileage & Travel	2,005.80	828.00	(1,177.80) 142.25%
Employee Relation & Training	0.00	1,500.00	1,500.00 -100.00%
<b>TOTAL ADMINISTRATIVE</b>	<b>134,860.13</b>	<b>43,072.80</b>	<b>(91,787.33)</b>
<b>MANAGEMENT FEES</b>			
Prop Mgmt Fees - TNP Entities	39,853.17	83,490.33	43,637.16 -52.27%
<b>TOTAL MANAGEMENT FEES</b>	<b>39,853.17</b>	<b>83,490.33</b>	<b>43,637.16</b>
<b>REAL ESTATE TAXES</b>			
Real Property Taxes	112,750.07	372,220.97	259,470.90 -69.71%
Property Tax Appeal/Service	350.00	0.00	(350.00) 0.00%
<b>TOTAL REAL ESTATE TAXES</b>	<b>113,100.07</b>	<b>372,220.97</b>	<b>259,120.90</b>

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**Comparative Income Statement (YTD Incl Notes)**  
**ARI Rancho Conejo I & II**

Cash

PROJ: 632

	Year-To-Date		
	Actual Dec 2012	Budget Dec 2012	Variance
<b>PROPERTY INSURANCE</b>			
Liability Insurance	4,882.28	5,546.00	663.72
Property Insurance	11,222.32	8,701.00	(2,521.32)
			-11.97%
<b>TOTAL PROPERTY INSURANCE</b>	<b>16,104.60</b>	<b>14,247.00</b>	<b>(1,857.60)</b>
<b>TOTAL RECOVERABLE EXPENSES</b>	<b>622,570.40</b>	<b>937,291.76</b>	<b>314,721.36</b>
<b>NON RECOVERABLE EXPENSES</b>			
Signage (non Recoverable)	92.98	800.00	707.02
Fees & Licenses (non Recoverable)	0.00	1,050.00	1,050.00
Misc (non Recoverable)	107.34	800.00	692.66
			-86.58%
<b>TOTAL NON RECOVERABLE EXPENSES</b>	<b>200.32</b>	<b>2,650.00</b>	<b>2,449.68</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>622,770.72</b>	<b>939,941.76</b>	<b>317,171.04</b>
<b>TOTAL NET OPERATING INCOME</b>	<b>1,926,358.75</b>	<b>1,843,069.20</b>	<b>83,289.55</b>
<b>OWNER EXPENSES</b>			
<b>FEEES</b>			
Accounting Fees	6,354.33	7,754.00	1,399.67
Professional Fees	7,990.51	900.00	(7,090.51)
			787.83%
Bank Fees / Late Fees	8,921.34	10,500.00	1,578.66
State Franchise Tax	37,825.00	36,750.00	(1,075.00)
			-15.03%
<b>TOTAL FEES</b>	<b>61,091.18</b>	<b>55,904.00</b>	<b>(5,187.18)</b>
<b>TOTAL OWNERS EXPENSES</b>	<b>61,091.18</b>	<b>55,904.00</b>	<b>(5,187.18)</b>

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**YTD**  
**Comparative Income Statement (YTD Incl Notes)**  
**ARI Rancho Conejo I & II**

Cash

PROJ: 632

	Year-To-Date		Variance
	Actual Dec 2012	Budget Dec 2012	
<b>INTEREST EXPENSE</b>			
Mortgage Interest Expense	1,472,544.79	1,469,403.67	(3,141.12) 0.21%
<b>TOTAL INTEREST EXPENSE</b>	<b>1,472,544.79</b>	<b>1,469,403.67</b>	<b>(3,141.12)</b>
<b>NET INCOME</b>	<b>392,722.78</b>	<b>317,761.53</b>	<b>74,961.25</b>



**PEREGRINE**  
REALTY PARTNERS

## **SUMMARY REPORT**

### **REAL ESTATE APPRAISAL**

Rancho Conejo I and II



1525-1535 Rancho Conejo Boulevard, Thousand Oaks,  
Ventura County, California, 91320

**As of**  
July 15, 2013

**Prepared For**  
Mr. Daniel H. Reiss  
Levene, Neale, Bender, Yoo, & Brill LLP  
10250 Constellation Blvd., Suite 1700  
Los Angeles, CA  
90067







August 2, 2013

Mr. Daniel H. Reiss  
Levene, Neale, Bender, Yoo, & Brill LLP  
10250 Constellation Blvd., Suite 1700  
Los Angeles, CA  
90067

Re: Summary Report, Real Estate Appraisal  
Rancho Conejo I and II  
1525-1535 Rancho Conejo Blvd., Thousand Oaks,  
Ventura County, CA, 91320

Dear Mr. Reiss:

At your request and authorization, Peregrine Realty Partners Inc. (“PRP”) has prepared an appraisal of the market value of the referenced property. As will be discussed, the subject of this appraisal includes two multi-tenant commercial buildings that are a combined 84 percent leased. It should be noted, one of the larger tenants (Philips Electronics, 13,300 sf), has exercised their termination option effective September 30, 2013. Excluding this tenant, the effective occupancy is 76 percent. My analysis is presented in the following Summary Appraisal Report.

The subject is comprised of two multi-tenant buildings: Rancho Conejo I is two stories with 62,468 square feet of rentable office area and was built in 1995, and Rancho Conejo II is a 98,449 square foot flex building that was constructed in 1990. Rancho Conejo I is currently 60 percent leased by four tenants. Rancho Conejo II is 100 percent leased by two tenants. Both are located in the city of Thousand Oaks, Ventura County. The subject is more fully described, legally and physically, within the enclosed report.

Please reference page 9 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology.

I certify that I have no present or contemplated future interest in the property beyond this estimate of value. The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.

Mr. Daniel H. Reiss  
Levene, Neale, Bender, Yoo, & Brill LLP  
August 2, 2013  
Page 2

Your attention is directed to the Limiting Conditions and Assumptions section of this report. Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, I note the following:

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- A signed copy of the first amendment to the Ceres, Inc. lease was requested. Although a signed version was not received it is assumed, for the purpose of this report, that the amendment has been commenced.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), I have made the following value conclusion(s):

**Current As Is Market Value:**

The "As Is" market value of the Leased Fee estate of the property, as of July 15, 2013, is

**\$12,800,000**

**Twelve Million Eight Hundred Thousand Dollars**

The market exposure time<sup>1</sup> preceding July 15, 2013 would have been 12 months and the estimated marketing period<sup>2</sup> as of July 15, 2013 is 12 months.

Respectfully submitted,  
Peregrine Realty Partners

Bradley Lofgren, MAI  
California-AG022415

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<sup>1</sup> Exposure Time: see definition on page 9.

<sup>2</sup> Marketing Time: see definition on page 9.

**Rancho Conejo I and II Table of Contents**

**TABLE OF CONTENTS**

Summary of Important Facts and Conclusions .....	5
Definitions .....	7
Scope of Work .....	9
Market Area Analysis .....	12
Market Area Analysis .....	12
Market Area and Property Characteristics .....	12
Location Map .....	22
Market Overview .....	26
Property Description .....	30
Site Plan/Tax Map/Survey .....	32
Assessment and Taxes .....	39
Zoning .....	40
Highest and Best Use .....	41
Valuation Methodology .....	44
Analyses Applied .....	44
Sales Comparison Approach .....	45
Comparables .....	45
Discussion and Analysis .....	47
Analysis Grid .....	49
Sales Comparison Approach Conclusion .....	50
Income Approach .....	52
Potential Gross Income (PGI) .....	53
Space Types & Occupancy .....	53
Rent Roll .....	54
Recent Leases .....	56
Overall Rent Ranges .....	56
Major Tenants .....	56
Lease Expiration Schedule .....	57
Market Rent .....	57
Summary of Market Rent .....	60
Potential Gross Income Summary .....	61
Vacancy and Collection Loss .....	62
Expenses .....	62
Capitalization Rate .....	64
Capitalization to Value .....	66
Direct Capitalization Analysis Conclusion .....	66
Discounted Cash Flow Analysis .....	68
Conclusion Of Income Capitalization Approach .....	74
Final Reconciliation .....	75
Value Indications .....	75
Value Conclusion .....	75
Certification Statement .....	76
Limiting Conditions and Assumptions .....	77
Addenda .....	83

**Rancho Conejo I and II Table of Contents**

Legal Description..... A  
Improved Sale Data Sheets .....C  
Rent Comparable Data Sheets ..... D  
Discounted Cash Flow Files ..... E  
Client Documents..... F  
Demographics ..... G  
Qualifications..... 8

## Summary of Important Facts and Conclusions

### GENERAL

**Subject:** Rancho Conejo I and II  
1525-1535 Rancho Conejo Blvd., Thousand Oaks,  
Ventura County, CA, 91320

The subject is two multi-tenant office buildings: Rancho Conejo I is 62,468 square feet and was built in 1995, and Rancho Conejo II is a 98,449 square feet constructed in 1990. Both are located in the city of Thousand Oaks, Ventura County.

**Owner:** ARI Rancho Conejo

**Legal Description:** See Addenda

**Date of Report:** August 2, 2013

**Intended Use:** The intended use is for internal decisions.

**Intended User(s):** The client and any other parties involved with the decision making process.

**Assessment:**

Real Estate Assessment and Taxes								
Tax ID	Land	Improvements	Other	Total	County Rate	Other Rate	Tax Rate	Taxes
667-0-360-025	\$2,006,000	\$6,053,000	\$0	\$8,059,000	\$1.00	\$0.06	\$1.06	\$85,022
667-0-360-045	\$3,149,000	\$9,176,000	\$0	\$12,325,000	\$1.00	\$0.06	\$1.06	\$130,029
667-0-360-015	\$14,000	\$3,200	\$0	\$17,200	\$1.00	\$0.06	\$1.06	\$181
667-0-360-075	\$19,000	\$4,800	\$0	\$23,800	\$1.00	\$0.06	\$1.06	\$251
667-0-360-085	\$75,000	\$0	\$0	\$75,000	\$1.00	\$0.06	\$1.06	\$791
Totals	\$5,263,000	\$15,237,000	\$0	\$20,500,000				\$216,275

**Sale History:** The subject has not sold in the last three years, according to public records.

**Current Listing/Contract(s):** The subject is not currently listed for sale, or under contract.



**Rancho Conejo I and II** **Salient Facts**

**Land:**

<b>Land Summary</b>				
<b>Parcel ID</b>	<b>Gross Land Area (Acres)</b>	<b>Gross Land Area (Sq Ft)</b>	<b>Usable Land Area (Acres)</b>	<b>Usable Land Area (Sq Ft)</b>
667-0-360-025	6.35	276,606	6.35	276,606
667-0-360-045	7.32	318,859	7.32	318,859
667-0-360-015	0.04	1,885	0.04	1,885
667-0-360-075	0.06	2,558	0.06	2,558
667-0-360-085	0.38	16,678	0.38	16,678
<b>Totals</b>	<b>14.15</b>	<b>616,586</b>	<b>14.15</b>	<b>616,586</b>

**Improvements:**

<b>Building Summary</b>				
<b>Building Name/ID</b>	<b>Year Built</b>	<b>Condition</b>	<b>Number of Stories</b>	<b>Gross Building Area</b>
Office Building	1995	Average	2.0	62,468
Office Building	1990	Average	1.0	98,449
<b>Totals</b>			<b>3.0</b>	<b>160,917</b>

See area definitions, page 8.

**Zoning:** M-1

**Highest and Best Use of the Site:** Highest and best use, as vacant, would be to hold for future development.

**Highest and Best Use as Improved:** Highest and best use, as improved, would be the continued use of the property as it is currently used.

**VALUE INDICATIONS**

**Sales Comparison** \$13,300,000

**Approach:**

**Income Approach:**

**Direct Capitalization** \$12,800,000

**DCF** \$12,670,000

**Reconciled Value(s):** As Is  
 Value Conclusion(s) \$12,800,000  
 Effective Date(s) July 15, 2013  
 Property Rights Leased Fee



## **Definitions**

### **Market Value:**<sup>3</sup>

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

### **A Fee Simple** estate is defined<sup>3</sup> as:

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.

### **A Leased Fee** interest is defined<sup>3</sup> as:

A freehold (ownership interest) where the possessory interest has been granted to another party by the creation of a contractual landlord-tenant relationship (i.e., a lease).

### **Marketing Time** is defined<sup>3</sup> as:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal.

Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal.

Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.

### **Exposure Time** is defined<sup>3</sup> as:

1. The time a property remains on the market.
2. 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

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<sup>3</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010).



market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

See Marketing Time, above.

**Gross Building Area (GBA):** Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.<sup>3</sup>

**Rentable Area (RA):** For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring the inside finished surface of the dominant portion of the permanent building walls, excluding any major permanent penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.<sup>3</sup>

**Gross Leasable Area (GLA):** Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.<sup>3</sup>

#### **As Is Market Value**

The estimate of the market value of the real property in its current physical condition, use and zoning as of the appraisal date.<sup>3</sup>

#### **Stabilized Value**

Stabilized value is the prospective value of a property after construction has been completed and market occupancy and cash flow have been achieved.<sup>4</sup>

#### **As Complete Value**

The prospective value of a property after all construction has been completed. This value reflects all expenditures for lease-up and occupancy that may be expected to have occurred at that point in time, which may or may not put the property at stabilized value.

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<sup>4</sup> Narrative1.com. Thomas W. Armstrong, MAI





## Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Mr. Daniel H. Reiss, Esquire, Levene, Neale, Bender, Yoo, & Brill LLP. The problem to be solved is to estimate the 'as is' leased fee value of the subject property. The intended use is for internal decisions. This appraisal is intended for the use of client and any other parties involved with the decision making process.

### SCOPE OF WORK

Report Type:	This is a Summary Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(B). This format provides a summary of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the legal description and the assessors' parcel number.
Inspection:	A complete interior and exterior inspection of the subject property has been made, and photographs taken.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis.
Highest and Best Use Analysis:	A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally



	productive use was concluded.
<u>Valuation Analyses</u>	
Cost Approach:	A cost approach was not applied as there is inadequate data to develop a land value and the age of the improvements makes the depreciation difficult to accurately measure.
Sales Comparison Approach:	A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.
Income Approach:	An income approach was applied as the subject is an income producing property and there is adequate data to develop a value estimate with this approach.
Hypothetical Conditions:	<ul style="list-style-type: none"><li>• There are no hypothetical conditions for this appraisal.</li></ul>
Extraordinary Assumptions:	<ul style="list-style-type: none"><li>• A signed copy of the first amendment to the Ceres, Inc. lease was requested. Although a signed version was not received it is assumed, for the purpose of this report, that the amendment has been commenced.</li></ul>

### **Significant Appraisal Assistance**

Christopher P. Brooks is an employee of Peregrine Realty Partners, Inc. He is working toward a Certified General Appraiser License. According to the OREA, a trainee may obtain appraisal experience in any of the following ways:

- By providing "significant real property appraisal assistance" to a licensed appraiser and having the duties the unlicensed individual performs properly identified in the appraisal report. If the unlicensed individual performs at least 75 percent of the professional appraisal work and the appraisal conforms to USPAP, the experience can qualify under Category 10 (Assistance in the Preparation of Appraisals), up to a maximum of 400 hours;
- By performing the entire appraisal process under the direct technical supervision of a licensed appraiser. The final conclusion to value is made by and the appraisal is signed by the licensed appraiser, with the unlicensed individual's duties property identified in the report. If the unlicensed individual performs all appraisal methods customarily used for the assignment and the appraisal conforms to USPAP, the experience can qualify under Category 1 (Fee and Staff Appraisal); or



**Rancho Conejo I and II**

**Scope of Work**

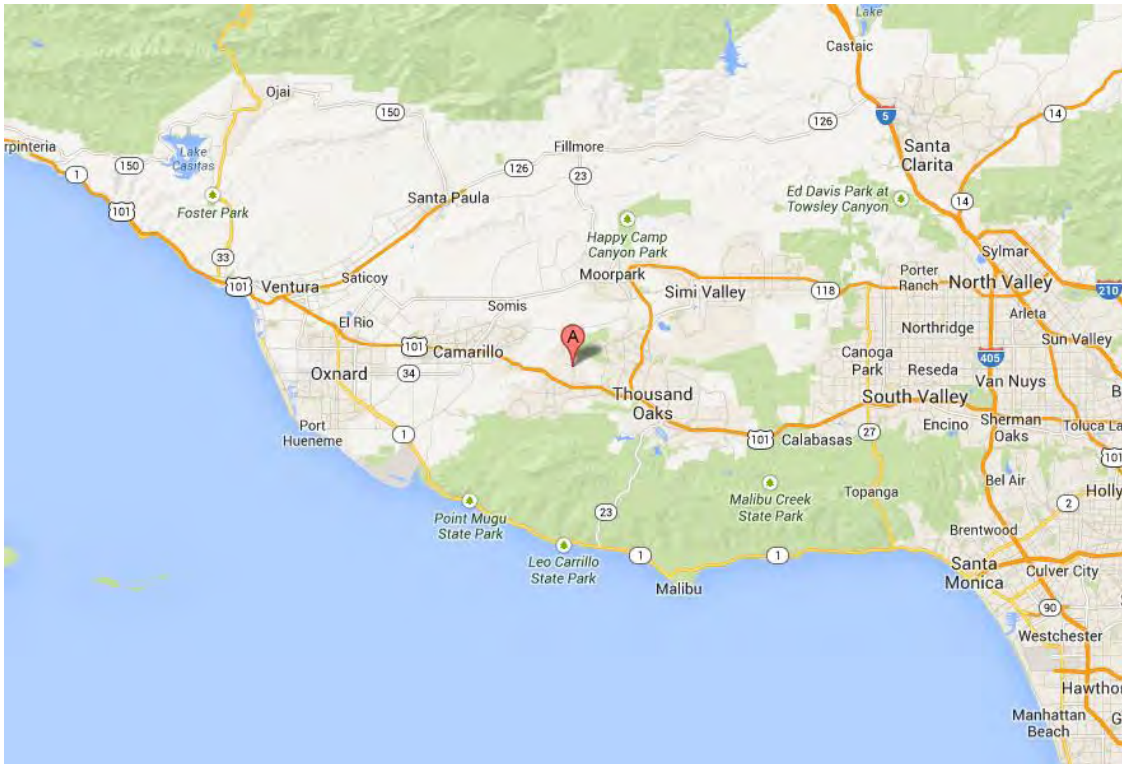
- By performing appraisals in non-federally related transactions. If the appraisals were performed for a business purpose and conform to USPAP, the experience can qualify under Category 1.

Note: Individuals unlicensed in California may not sign appraisals in federally related transactions, even if co-signed by a licensed appraiser.

Christopher P. Brooks works under the direct technical supervision of Bradley E. Lofgren, MAI. Mr. Brooks performed all appraisal methods customarily used for the assignment. Mr. Brooks analyzed all the market and property data, including but not limited to the regional, neighborhood, market, site, improvement, and highest & best use sections. Mr. Brooks also completed the appraisal process (sales comparison and income approach) under the direct technical supervision of Bradley E. Lofgren, MAI. The final conclusion to value is made by and the appraisal is signed by Bradley E. Lofgren, MAI. The work completed by Christopher P. Brooks is considered OREA Category 1 (Fee and Staff Appraisal) experience.



## Market Area Analysis



## Market Area Analysis

Regional trends may impact the overall appeal of real estate as an investment. To accurately reflect such influences, it is necessary to examine the past and probable future trends, which may affect the economic structure of the market and evaluate their impact on the market potential of the subject. This section of the report is designed to isolate and examine the discernible social, economic, governmental, and environmental forces in the region that influence and create value for the subject property.

### ***Market Area and Property Characteristics***

#### **VENTURA COUNTY**

##### **Social Forces**

The historical and projected growth rates for Ventura County are consistent with the figures for the Southern California region and State of California. Growth is expected to continue at a moderate pace as this region is maturing as an economic district (generally



increasing growth), while the overall political climate is oriented towards slow-, or managed-growth. The average, median, and per capita income figures are well above the Southern California and State of California characteristics, indicating Ventura County is a wealthy district.

Ventura County's proximity to Los Angeles has contributed in the past to Ventura County's population and economic growth. However, the County's growth rate has recently hovered around 1 percent per year. This is about the natural growth rate: births minus deaths. These trends are expected to continue in the short term due the generally slow-growth political climate.

### **Education**

The California State University system opened Cal State Channel Islands on the premises of the closed Camarillo State Hospital in 1999. The University opened in 2002 and the first on-campus student housing opened in 2004. The current enrollment at this university is near 4,000 full-time equivalent students (undergraduates and post-baccalaureates). It is in an expansion period with a projected maximum capacity at build-out of 15,000 full-time equivalent students (Year 2015). There is no other existing major university or college campus within Ventura County.

Community colleges within the area include Moorpark College, Oxnard College, and Ventura College. Private colleges and universities include Cal Lutheran University, St. John's Seminary College, and Saint Thomas Aquinas College.

### **Economic Forces**

#### **Employment by Industry**

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



**Current Employment Statistics (CES) in Ventura County**

<b>CES Industry Title</b>	<b>No. of Employed</b>
Total Wage and Salary	295,200
Total Nonfarm	272,300
Total Private	229,200
Service Providing	228,800
Residual-Private Services Providing	185,700
Trade, Transportation and Utilities	51,700
Goods Producing	43,500
Government	43,100
State and Local Government	36,000
Professional and Business Services	35,900
Retail Trade	34,400
Local Government	33,200
Educational and Health Services	33,100
Manufacturing	31,800
Leisure and Hospitality	30,600
Accommodation and Food Service	25,700
Total Farm	22,900
Financial Activities	20,400
Durable Goods	20,000
Local Government Education	18,300
Administrative and Support and Waste Ser	17,800
Administrative and Support Services	17,200
Retail Trade - Residual	16,500
Finance and Insurance	16,400
Professional, Scientific and Technical S	15,500
Durable Goods - Residual	12,700
Wholesale Trade	12,000
Nondurable Goods	11,800
Construction	10,400
Credit Intermediation and Related Activi	9,300
Administrative and Support Services - Residual	9,200
Other Services	8,700
County	8,500
Employment Services	8,000
Chemical Manufacturing	7,600
Food and Beverage Stores	7,400
Computer and Electronic Product Manufact	7,300
Specialty Trade Contractors	7,200
Federal Government	7,100
Insurance Carriers and Related	6,300
General Merchandise Stores	6,100
Transportation, Warehousing and Utilities	5,300
Information	5,300

Source: State of California Employment Development Department

## Employment

Provided in the following table is a summary of the largest employers in Ventura County.



<b>VENTURA COUNTY'S TOP EMPLOYERS</b>		
<b>Employers with 5,000 to 9,999 Employees</b>		
Employer.....	Location.....	Industry.....
Angen Inc.....	Thousand Oaks.....	Biotechnology
Naval Air Warfare Center.....	Point Mugu.....	National Security
Naval Construction Battalion.....	Port Hueneme.....	National Security
<b>Employers with 1,000 to 4,999 Employees</b>		
Employer.....	Location.....	Industry.....
Anthem Blue Cross of California.....	Westlake Village.....	Healthcare
Baxter Healthcare.....	Westlake Village.....	Pharmaceutical
Boskovich Farms.....	Oxnard.....	Agriculture
Community Memorial Hospital.....	Ventura.....	Hospital
Farmers Insurance Group of Companies.....	Simi Valley.....	Insurance
Harbor Freight Tools.....	Camarillo.....	Hardware Stores
John R. Read III Law Offices.....	Ventura.....	Legal Services
JNB Industries LLC.....	Oxnard.....	Waste Management Services
Los Robles Hospital & Medical Center.....	Thousand Oaks.....	Hospital
Sheriff's Department & Jails.....	Ventura.....	Public Safety
St. John's Regional Medical Center.....	Oxnard.....	Hospital
Ventura County.....	Ventura.....	Government
<b>Employers with 500 to 999 Employees</b>		
Employer.....	Location.....	Industry.....
CSU Channel Islands.....	Camarillo.....	Education
Haas Automation.....	Oxnard.....	Machinery
Moorpark College.....	Moorpark.....	Education
Nancy Reagan Breast Center.....	Simi Valley.....	Diagnostic Imaging Center
Oxnard College.....	Oxnard.....	Education
Simi Valley Hospital.....	Simi Valley.....	Hospital
Ventura College.....	Ventura.....	Education
Zebra Technologies.....	Camarillo.....	Manufacturing
If you notice a discrepancy or wish to provide updated information, please contact us at <a href="mailto:sepcopublishing@earthlink.net">sepcopublishing@earthlink.net</a> .		
Source: American Express Company Information System Employee Statistics, 2011-12 Edition		

**Individual Economic Sectors**

Despite its diversification, the Ventura County economy has been, and continues to be, oriented towards six primary categories: Agriculture; Oil Production; Defense Industry; Manufacturing; Tourism; and Imports/Exports (Port Hueneme). A discussion of each of these components follows.

Agriculture

Ventura County's top crops are summarized in the following table.



**FIVE YEAR COMPARISON  
VENTURA COUNTY CROP GROUPING VALUES**

	2007	2008	2009	2010	2011
Fruit and Nut Crops	752,138,000	823,464,000	867,759,000	1,085,677,000	\$1,124,860,000
Vegetable Crops	442,220,000	427,742,000	509,248,000	533,473,000	490,233,000
Livestock and Poultry Products	9,006,000	6,853,000	7,494,000	6,161,000	6,075,000
Apiary Products	640,000	463,000	698,000	1,505,000	2,385,000
Nursery Stock	292,989,000	298,690,000	191,300,000	180,057,000	163,793,000
Cut Flowers	48,646,000	51,297,000	42,763,000	47,348,000	52,217,000
Field Crops	1,624,000	2,580,000	2,313,000	2,463,000	1,684,000
Timber	17,000	10,000	9,000	14,000	13,000
Biological Control	2,718,000	2,148,000	2,273,000	2,453,000	3,000,000
<b>GRAND TOTAL</b>	<b>\$1,549,988,000</b>	<b>\$1,613,247,000</b>	<b>\$1,623,857,000</b>	<b>\$1,859,151,000</b>	<b>\$1,844,260,000</b>

The data above is provided in the 2011 Ventura County Crop Report, the most recent version available.

Oil Production

Oil production has been a major economic factor in Ventura County since the late 19th century. Total onshore and offshore production of crude oil and gas from state and federal leases in Ventura County is summarized in the following table.





OIL AND GAS PRODUCTION VENTURA COUNTY							
	# of Oil Wells		# of Gas Wells		Oil Prod (bbl)	Gas Prod (Net Mcf)	
	Prod	Shut-In	Prod	Shut-In			
2008	1,761	1,293	0	0	6	7,466,152	7,626,361
2007	1,723	1,344	0	0	7	7,354,231	7,611,000
2006	1,709	1,383	0	0	7	7,330,790	7,293,660
2005	1,747	1,350	2	2	5	7,004,424	6,506,328
2000	1,907	1,459	0	0	6	9,050,774	9,593,691
1995	1,955	1,428	1	1	6	10,163,569	10,796,438
1990	2,352	1,206	3	3	1	13,794,524	14,583,052
1985	2,676	1,036	1	1	7	16,862,181	19,211,517
1980	2,495	558	7	7	1	17,458,241	18,417,403
1970	2,777		4	4		23,624,898	33,304,238
1960	3,079		2	2		40,983,131	87,289,528
1950	1,844		(dist. 2)			34,205,093	61,428,967
1940	949		(dist. 2)			17,035,728	
1930	620		(dist. 2)			19,983,341	
1920	429		(dist. 2)			2,871,563	
1915	318					872,020	

The above data is from the 2010-2011 Ventura County Statistical Abstract. As shown, oil and gas production has shown a general downward trend, although both sectors have shown nominal increases in production since 2006. Oil and gas production in the Ventura County has declined due to the age of the fields and environmental requirements driving up extraction costs.

Defense Industry

The defense industry's presence in Ventura County is significant. The U.S. Navy's Pacific Missile Test Center is located in Point Mugu; the headquarters of the U.S. Naval Construction Battalion and the California Air National Guard are located in Port Hueneme; and the U.S. Coast Guard is located in Channel Islands.

Manufacturing

Large manufacturers in Ventura County include Northrop Aerospace, Rockwell International, Hughes Playtex, and Proctor & Gamble. During the past 11 years, there has been a decreasing amount of light industrial and R&D development in Ventura County. The best example of this decline is Amgen, one of the leading bio-medical research companies in the United States, which is headquartered in Thousand Oaks. This firm was negatively impacted by patent and other issues from 2007 to current and is expected to be characterized by job losses and will decrease their footprint in the market. At one point Amgen was said to have approximately 18,000 employees in the Ventura County market and according to the latest figures (see page 23) that number has decreased to 6,600.

Tourism

Tourism is also significant in Ventura County due to the extensive coastline along the Pacific Ocean. The most prominent hotels include the Embassy Suites Mandalay Beach



**Rancho Conejo I and II**

**Regional Overview**

Resort, the Doubletree Hotel, the Radisson Suite Hotel, the Harbortown Marina Resort Hotel, and the Holiday Inn Beach Resort.

Port Hueneme

Port Hueneme is the only deep-water port between Los Angeles and San Francisco. It was designated an official “Port of Entry” in 1992 (it was previously a customs station) and received U.S. Foreign Trade Zone status in 1994 (primarily to assist in imports as exports are not provided any tax subsidies). Significant import/export users of the port include the automobile industry, banana imports, and local agricultural exports. The following graph comes from the Port of Hueneme “Comprehensive Annual Financial Report” for the fiscal years ended June 30, 2012 and 2011.

FISCAL YEAR ENDED:		2007	2008	2009	2010	2011	2012
<b>COMMODITY TYPE:</b>							
AUTOMOBILES	Imports	253,011	228,936	136,145	153,862	181,042	219,164
	Exports	1,064	3,381	9,851	31,431	19,488	21,497
OTHER VEHICLES	Imports/Exports	37,622	38,626	28,841	20,362	34,334	45,734
BANANAS	Imports	648,114	609,429	602,567	640,477	603,703	615,588
FRESH FRUIT	Imports	103,216	87,233	75,094	105,518	85,034	94,874
	Exports	24,844	5,797	10,035	4,379	4,429	5,912
WOOD PULP	Imports	-	-	-	-	-	-
GENERAL CARGO	Imports/Exports	93,159	81,563	84,166	71,444	100,343	82,196
FISH	Coastwise	19,223	14,908	11,311	30,010	23,587	27,408
OFFSHORE OIL CARGO	Coastwise	65,112	56,845	66,994	72,466	46,898	52,282
	<b>TOTAL</b>	<b>1,245,364</b>	<b>1,126,719</b>	<b>1,025,004</b>	<b>1,129,950</b>	<b>1,098,858</b>	<b>1,164,655</b>
BULK LIQUID	Import	123,042	128,312	86,630	115,938	108,777	139,997
VESSEL FUEL	Coastwise	14,027	13,768	9,321	10,520	10,008	13,063
	<b>TOTAL</b>	<b>137,070</b>	<b>142,081</b>	<b>95,951</b>	<b>126,458</b>	<b>118,785</b>	<b>153,060</b>
	<b>GRAND TOTAL</b>	<b>1,382,433</b>	<b>1,268,799</b>	<b>1,120,955</b>	<b>1,256,408</b>	<b>1,217,643</b>	<b>1,317,715</b>
PASSENGERS		18,151	17,883	13,532	7,037	6,659	7,820

Note: Revenue ton equals= 1000 kgs. or cubic meter, Auto= One unit

The Port of Hueneme is one of the top ten ports in the United States servicing automobile imports. Automobile companies that operate at the port include Suzuki, Mitsubishi, BMW, Daewoo, Saab, Mazda, Volvo, Jaguar, Land Rover, Hyundai and KIA. Growth in the automobile market is also a result of improvements in cargo handling productivity as the Port’s Terminal and Multimodal Expansion Project that was completed in 1999. Prior to 1999, automobile volume was less than 150,000 vehicles per year.

**Governmental Forces**

Jurisdiction

The main governmental force impacting Ventura County is its reputation as a “slow growth” region. Specifically, the area has aggressively managed growth in order to



preserve the agricultural component of the economy. This reputation was enhanced in the November 1998 election with the SOAR initiative (Save Open Space and Agricultural Resources), which passed in four of the five major cities (Camarillo, Oxnard, Simi Valley, and Thousand Oaks) and in the unincorporated portions of Ventura County. This measure prevents farmland and open space outside of the cities' sphere of influence from being rezoned to alternative uses without a public referendum through the year 2020. Effectively, zoning changes from an agricultural designation to commercial or residential uses are disallowed except by the vote of the people.

### Real Estate Taxes

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

### **Environmental Forces**

#### Land Use/Development Trends

Ventura County has traditionally been, and continues to be, dominated by agricultural uses. This is illustrated by the fact that 398,007 acres in the county, approximately 33 percent of the total land area, is zoned for agricultural use. Agricultural uses will continue to have a significant impact on the area for the foreseeable future.

Outside of agricultural uses, the county has experienced significant residential growth during the past two decades. This growth primarily occurred in the eastern portion of the county as a result of the expanding population base in Los Angeles County. The primary areas that benefited from this growth were the Conejo Valley (along U.S. Highway 101) and Simi Valley (along State Highway 118). New housing has also been extensive in West Ventura County due to demand from residents in the eastern portion of the County as well as from commuters from Santa Barbara County. Most large-scale new development is occurring in West Ventura County due to the more built-out nature of East Ventura County.

#### Transportation

Relative to other counties in the Southern California region, Ventura County is considered to have the most restrictive access. Presently, the Ventura Freeway (U.S. Highway 101) is the only highway that traverses the entire length of the County. The Ventura Freeway provides through access from the southeast corner (the border with Los Angeles County) to the northwest corner (the border with Santa Barbara County). This freeway provides good access throughout the main developed areas in the central portion



of the county. It also has connector routes to all of the other major transportation corridors in the county.

Vehicle traffic along this freeway is impacted by a bottleneck at the Oxnard Boulevard interchange in the western portion of the county. A \$112 million dollar expansion of the freeway began in 2002 and was completed in 2007. The main improvement is a bridge over the Santa Clara River, which was expanded from seven to twelve lanes.

The second most significant freeway serving the area is the Ronald Reagan Freeway (State Highway 118). This freeway provides east/west access from the Moorpark Freeway (State Highway 23) in Moorpark to the San Fernando Valley. State Highway 23 is a nine-mile north/south freeway that runs from U.S. Highway 101 in Thousand Oaks to State Highway 118 in Moorpark. The only other minor freeway serving the area is the Santa Paula Freeway (State Highway 126). This freeway provides east/west access from U.S. Highway 101 in Ventura to the city of Santa Paula (approximately 17 miles to the east). This highway also provides through access to Interstate 5 (it is a four-lane surface arterial east of Santa Paula). The only other significant transportation route is Pacific Coast Highway, which runs in a north/south direction along the Pacific Ocean to Malibu from U.S. Highway 101 in Oxnard.

Ventura County suffers from a lack of air transportation. While the Oxnard Airport provides limited commuter air service, it is not a regional airport. The primary airport serving Ventura County is the Los Angeles International Airport, which is located approximately 60 miles to the southeast. The Bob Hope Airport, located approximately 40 miles east of Ventura, and the Santa Barbara Airport, located 30 miles northwest of Ventura, provide additional regional passenger air service.

Both bus and rail transportation is available on a local and regional basis. Passenger rail service is available through AMTRAK and Metrolink, on a limited basis.

### **Conclusion – Ventura County**

The regional economy should be characterized by limited growth in the short term (two years), followed by more moderate-paced growth. Specific projections are as follows:

- Annual job growth is forecast to average 1.6 percent per year thru 2015. The farm sector is expected to expand modestly.
- Average salaries adjusted for inflation are currently below the California state average after falling sharply in 2008 due to layoffs in high paying sectors. Salaries gradually approach the California average in the later years of the forecast. Real average salaries are projected to rise at an average of 1.0 percent per year thru 2015.
- Job creation is forecast to be strongest in professional services, retail trade, construction, leisure, and healthcare and education.



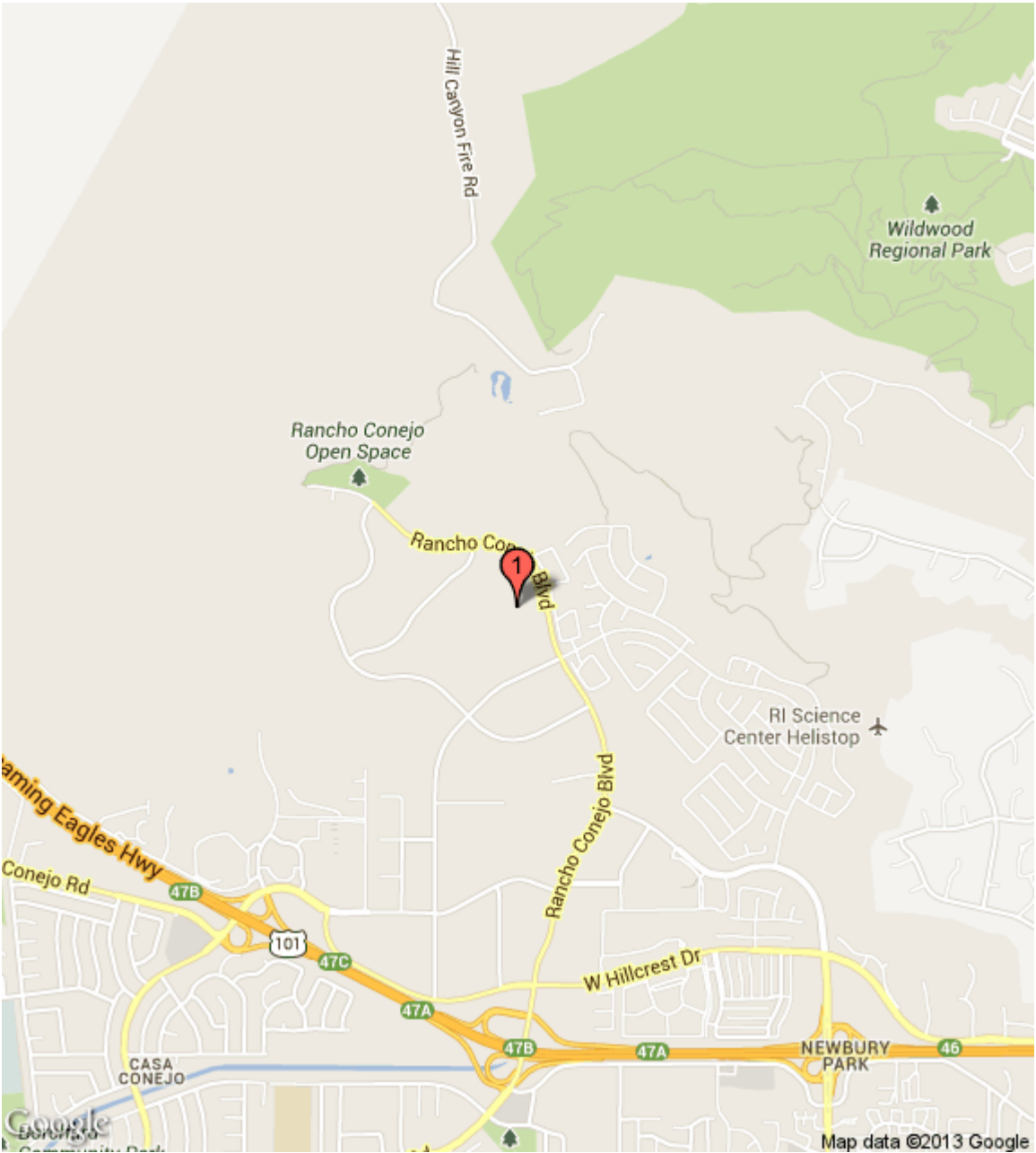
- Population will continue to grow in the county. Annual growth thru 2015 is projected to average 1.1 percent per year.
- Total taxable sales adjusted for inflation are expected to increase by an average of 4.0 percent per year thru 2015.

Overall, Ventura County will most likely be characterized by stable economic condition in the short term.



**Rancho Conejo I and II** **Regional Overview**

**Location Map**



## City of Thousand Oaks

The city of Thousand Oaks, which is a master planned community, was incorporated in 1964. The city has irregular boundaries, but is generally bordered by unincorporated Ventura County to the north, the cities of Agoura Hills and Westlake Village to the east, the Santa Monica Mountains National Recreation Area to the south, and the City of Camarillo to the west. The following discussion summarizes trends within the community.

## Employment

A summary of the largest employers in the city of Thousand Oaks is presented as follows.

### MAJOR EMPLOYERS - CITY OF THOUSAND OAKS

Name of Company	No. of Employees	Product/Service
Amgen	6,600	Biotechnology
Anthem Blue Cross	1,869	Health Insurance
Los Robles Hospital & Medical Center	1,487	General Hospital
Conejo Valley Unified School District	1,205	Public School
California Lutheran University	720	Private University
Verizon California	717	Telecommunications
Skyworks Solutions Inc.	596	Semiconductors
City of Thousand Oaks	584	Public Administration
Baxter BioScience	550	Medical Equipment
Silver Star Automotive	543	Automobile Sales and Service

Source: City of Thousand Oaks

The data presented above is as of June 30, 2012.

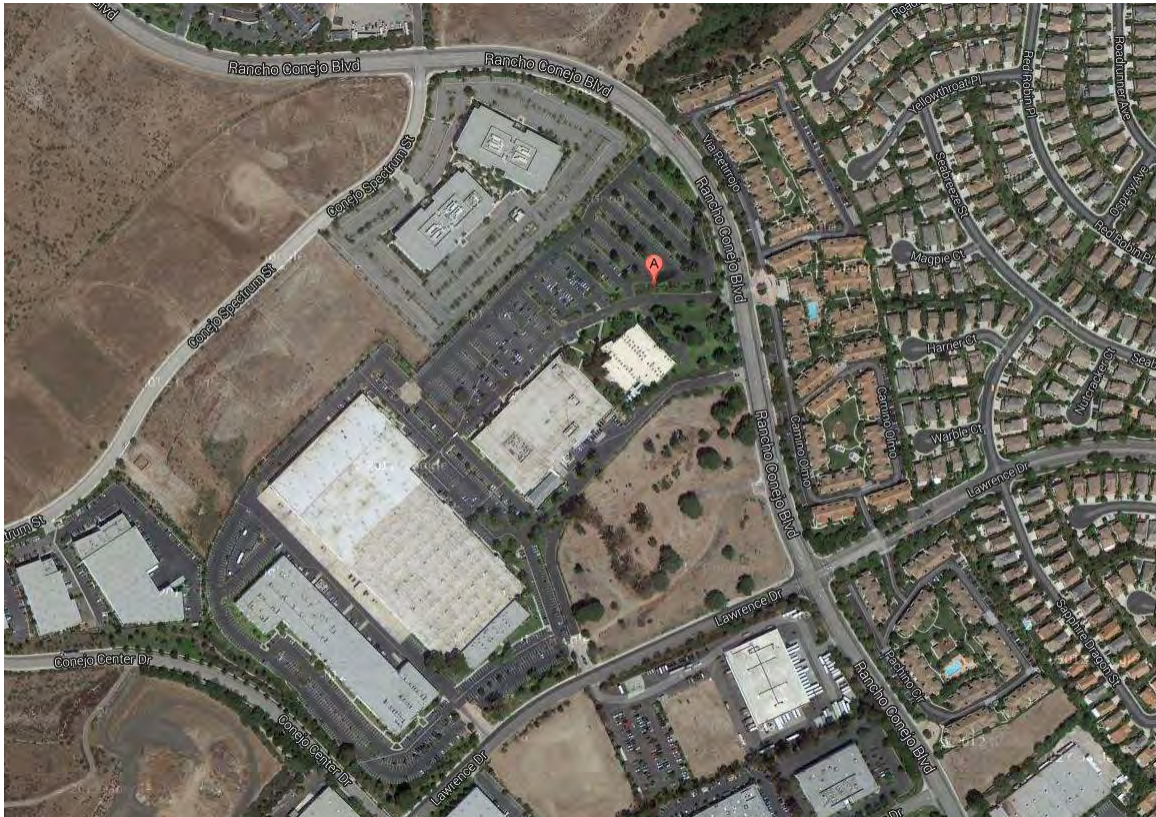
## Transportation

Vehicular access to the city of Ventura is primarily provided by the Ventura Freeway (U.S. Highway 101). This freeway extends along the city's southerly and westerly boundaries, and is the main coastal highway route between the cities of Los Angeles and San Francisco. The Ventura Freeway is the only highway currently servicing western Ventura County. The Santa Paula Freeway (State Route 126) intersects with Highway 101 in the southwest portion of the city and extends north-eastward. This freeway currently terminates in the city of Santa Paula, approximately 20 miles northeast of Ventura. It then changes to a four-lane highway which connects to the Golden State Freeway (Interstate 5).



There is one additional secondary highway serving the city of Ventura. This highway, State Route 33, extends north from the westerly city limits to Lake Casitas, a regional recreation area. Highway 33 then continues as a two-lane highway to Ojai and beyond. Within the city, Foothill Road, Loma Vista Road, Telegraph Road, Main Street, Thompson Boulevard and Telephone Road, all provide primary east/west local access. Seaward Avenue, Mills Road, Victoria Avenue, Johnson Drive, and Wells Road provide primary north/south access. Overall, the infrastructure within the city allows for good access.

## IMMEDIATE SURROUNDINGS



### Adjacent Uses

The adjacent land uses are summarized as follows:

- North:* Commercial use properties primarily office and flex industrial.
- South:* South of the subject property along Rancho Conejo Boulevard is a vacant commercial zoned lot.
- East:* Primarily residential neighborhoods comprising of multi and single family homes within the city of Thousand Oaks, California.
- West:* Industrial flex use properties.





The adjacent properties conform to existing uses and do not adversely affect the subject property.

Demographics

Selected neighborhood demographics are provided in the Addenda section.

**Conclusion**

The city of Thousand Oaks is a municipality that epitomizes the county's slow-growth priorities. A large amount of civic space is devoted to parks and other open land, and surrounding agricultural land is protected from development. As a result, the city's commercial and industrial bases are relatively small and any new development is typically considered to be replacement of existing, older uses. Population growth is static and is forecast to remain that way.



**Rancho Conejo I and II Market Overview**

**Market Overview**

**Office Market Analysis - Ventura County**

The following overview of the Los Angeles office market, which includes the subject submarket, has been excerpted from the First Quarter 2013 Los Angeles Office Market Report published by CoStar.

The Los Angeles Office market ended the first quarter of 2013 with a vacancy rate of 12.6%. The vacancy rate was up over the previous quarter, with net absorption totaling negative 477,822 square feet. Rental rates ended the third quarter at \$27.72; a decrease over the previous quarter. During the past three months, nine buildings totaling 140,444 square feet came on line, and 1,671,942 square feet of additional space was still under construction.

TOTAL OFFICE MARKET STATISTICS						First Quarter 2013			
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Antelope Valley	359	3,770,610	403,560	403,560	10.7%	8,073	0	0	\$18.75
Burbank/Glendale/Pasadena	3,052	55,668,537	5,631,232	5,881,618	10.6%	(106,339)	0	62,200	\$29.29
Downtown Los Angeles	685	68,603,683	8,693,330	8,890,840	13.0%	60,848	0	0	\$30.38
Mid-Cities	982	10,077,374	757,753	763,686	7.6%	14,144	4,853	6,590	\$20.74
Mid-Wishire	1,601	40,274,737	4,703,174	4,807,287	11.9%	(111,551)	9,500	513,619	\$25.88
San Fernando Valley	1,475	35,768,775	4,601,938	4,683,335	13.1%	(43,123)	0	0	\$23.75
San Gabriel Valley	1,929	29,925,192	2,738,044	2,776,422	9.3%	32,882	0	0	\$21.39
Santa Clarita Valley	211	4,741,315	661,034	661,034	13.9%	(25,816)	6,800	102,113	\$28.24
South Bay	2,353	62,771,522	9,639,210	9,775,492	15.6%	(80,575)	32,473	952,860	\$23.61
Southeast Los Angeles	552	8,261,654	670,665	680,762	8.2%	(2,497)	0	0	\$20.30
Ventura North	812	7,542,592	665,278	675,282	9.0%	728	0	0	\$21.95
Ventura South	1,002	21,387,038	3,290,252	3,331,730	15.6%	105,849	18,000	0	\$23.05
West Los Angeles	2,453	75,656,575	9,164,972	10,025,306	13.3%	(330,445)	68,818	34,560	\$39.05
<b>Totals</b>	<b>17,466</b>	<b>424,449,604</b>	<b>51,620,442</b>	<b>53,356,354</b>	<b>12.6%</b>	<b>(477,822)</b>	<b>140,444</b>	<b>1,671,942</b>	<b>\$27.72</b>

Source: CoStar Property®

**Absorption**

The first three months of 2013 saw absorption levels drop by 477,822 square feet after a strong 2012 that showed over 1.8 million square feet of positive absorption. The drop generally negates the gains of the prior quarter. Negative absorption rates were seen at all three class levels, with Class A space suffering 60% of the retraction. By submarket, the suburban markets took in excess of the full hit, while the CBD posted a small gain. Tenants moving out of large blocks of space in the first quarter of 2013 include:

- Buena Vista Home Entertainment vacating 469,945 square feet from Tower Burbank;



- Raytheon Corp. Vacating 112,875 square feet from 2101 E El Segundo, and;
- Disney Interactive Media Group moving out of 89,853 at 5161 Lankershim.

Tenants moving into large blocks of space in the past three months include:

- LA Community Development Commission taking 130,000 at the Gateway at Alhambra;
- Nasty Gal moving into 52,646 square feet at PacMutual, and ;
- VXi Global leasing 51,486 square feet at Times Mirror Square.

### **Vacancy**

The office vacancy rate in the Los Angeles market area increased slightly to 12.6% during the most recent reporting period, although the uptick was marginal with the vacancy rate hovering around 12.5% for the past few quarters. The Class A market vacancy of 15.9% continues to lag behind the Class B (12.5%) and Class C (5.7%) rates. The vacancy within the CBD (13.0%) and Suburban markets (12.5%) remain relatively undistinguished between themselves. While overall national vacancy rates show a very small declining trend, the Los Angeles office market remains consistent. The most recent large lease signings include the following:

- CoreSite Realty signed a 128,384 square foot lease at One Wilshire;
- Molina Healthcare signed a 120,000 square foot deal at the Meeker-Baker Building, and;
- The Internal Revenue Service moved into a 73,800 square foot facility at 9350 Flair Drive

### **Rental Rates**

The average quoted asking rental rate for available office space, all classes, was \$27.72 per square foot per year (\$2.31 per month) as of the end of the first quarter of 2013. From year end 2012, rental rates have dropped about \$0.56 per year, or slightly less than a nickel per month. Class A rates currently stand at \$2.57 per month, while Class B rates adjusted to \$2.07 per month and Class C rates show a rate of \$1.94 per month. Rates in the CBD dropped to \$2.53 per month, while suburban rates dropped to \$2.27 per month.

### **Deliveries and Construction**

As noted, nine buildings totaling 140,444 square feet came on line in the past few months. By far, the largest building was a 65,000 square foot speculative building on Exposition Blvd that is currently vacant. The 18,000 square foot building on Wankel Way, another speculative project, currently has tenanted slightly more than half the space. The two largest projects currently under construction are the Gov. Deukmejian Courthouse (545,000 sf) and 3270 Lomita Blvd. (321,450 sf). Both buildings have full commitment.



**Rancho Conejo I and II Market Overview**

**Sales Activity**

During the last quarter of 2012, 54 office transactions took place representing a sales volume of \$1.67 billion, or an average of about \$30.9 million per building. On a per square foot basis, the average sale price was about \$260. The most significant sale was the Wilshire Courtyard project, which sold in December 2012 for \$422,500,000 or about \$420 per square foot. The overall rate associated with the sale was 5.5%.

**Market Analysis – Thousand Oaks**

**Rental Market Trends**

According to data provided by CBRE, the Thousand Oaks office market contains a total of 2,460,769 square feet of office space in 64 buildings. The submarket ranks second in terms of number of buildings and square footage in the Ventura County Office Market. Its overall vacancy rate is higher (7.4 percentage points) than the market average.

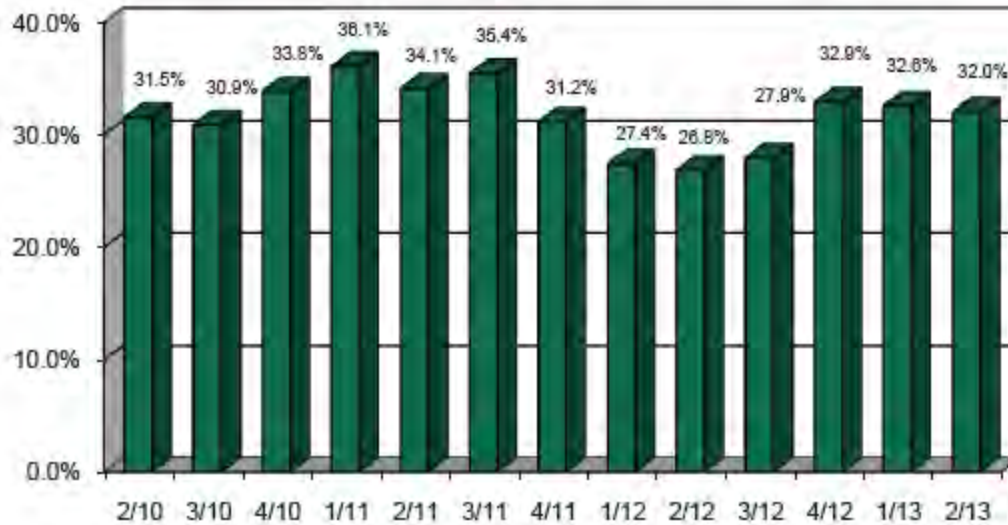
The table below outlines the base statistical data for the submarket’s rental market:

CITY	BUILDINGS SURVEYED	SQUARE FEET NRA (BASE)	SQUARE FEET VACANT	NET ABSORPTION	PERCENT VACANT 2ND QTR '12	PERCENT VACANT 1ST QTR '13	PERCENT VACANT 2ND QTR '13
Ventura	56	1,514,740	425,797	4,109	23.1%	28.4%	28.1%
Oxnard	38	1,815,270	470,287	15,398	17.7%	26.8%	25.9%
Camarillo	46	1,870,458	728,485	4,388	37.5%	39.2%	38.9%
<b>West County</b>	<b>140</b>	<b>5,200,468</b>	<b>1,624,569</b>	<b>23,895</b>	<b>26.7%</b>	<b>31.7%</b>	<b>31.2%</b>
Thousand Oaks	64	2,460,769	787,935	13,255	26.8%	32.6%	32.0%
Westlake Village (Includes the L.A. County portion)	94	5,066,653	654,289	105,241	15.6%	15.0%	12.9%
Simi Valley/Moorpark	26	1,502,680	428,493	575	29.9%	28.6%	28.5%
<b>East County</b>	<b>184</b>	<b>9,030,102</b>	<b>1,870,717</b>	<b>119,071</b>	<b>21.1%</b>	<b>22.0%</b>	<b>20.7%</b>
<b>VENTURA COUNTY</b>	<b>324</b>	<b>14,230,570</b>	<b>3,495,286</b>	<b>142,966</b>	<b>23.1%</b>	<b>25.6%</b>	<b>24.6%</b>

For the year period outlined here, the vacancy rates rose from the 2<sup>nd</sup> Quarter 2012 to the 2<sup>nd</sup> Quarter 2013 by 5.2%. Positive absorption was shown for the 2<sup>nd</sup> Quarter 2013 at 13,255 square feet; however the trend has been much lower over the last year. Quoted rental rates currently are near the bottom of the spectrum for the Los Angeles area market at \$23.05 per square foot per year. The dynamic between vacancy and rate seems to indicate that landlords are willing to make rate concessions in order to maintain occupancy.



### Thousand Oaks



The above graph shows the three year history of vacancy for the Thousand Oaks office market. Vacancy peaked in the beginning of 2011 at 36.1% and recovered slightly in the second quarter 2012 to 26.8% although those rates have inched back up to over 30% again.

### **Summary**

The subject property is located within Thousand Oaks, which is encapsulated in the Conejo Valley submarket of Ventura County. The Conejo Valley submarket a mid-level market in terms of size, with a slightly higher vacancy rate and much lower quoted rental rate than the overall Los Angeles office market. Overall growth in the submarket has been minimal over the past couple of years, which again lags the larger macro market. Within the submarket itself, it appears that the vacancy rate has risen over the past year to 2011 levels. We are not aware of any proposed commercial developments that would significantly impact either the subject in particular or the surrounding direct competition.



**Rancho Conejo I and II Site Description**

**Property Description**

The subject is two multi-tenant office buildings: Rancho Conejo I is 62,468 square feet and was built in 1995, and Rancho Conejo II is a 98,449 square feet constructed in 1990. Both are located in the city of Thousand Oaks, Ventura County.

Parcel ID	Land Summary			
	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)
667-0-360-025	6.35	276,606	6.35	276,606
667-0-360-045	7.32	318,859	7.32	318,859
667-0-360-015	0.04	1,885	0.04	1,885
667-0-360-075	0.06	2,558	0.06	2,558
667-0-360-085	0.38	16,678	0.38	16,678
Totals	14.15	616,586	14.15	616,586

**SITE**

Location: The subject is located on the west side of Rancho Conejo Boulevard, at the west region of the City of Thousand Oaks.

Current Use of the Property: Improved as office buildings.

Site Size:

Total: 14.15 acres; 616,586 square feet

Usable: 14.15 acres; 616,586 square feet

Shape: The site is irregularly shaped

Frontage/Access: The subject property has good access with frontage as follows:

- Rancho Conejo Blvd.: 750 feet

The site has an average depth of 900 feet. It is a corner lot.

Visibility: Average

Topography: The subject has gently upward sloping topography and no areas of wetlands.

Soil Conditions: The soil conditions observed at the subject appear to be typical of the region and adequate to support development.

Utilities: Adequate



**Rancho Conejo I and II**

**Site Description**

Flood Zone: The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X, which is not classified as a flood hazard area.

FEMA Map Number: 06111C0958E

FEMA Map Date: January 1, 2010

The subject is not in a flood zone.

Wetlands/Watershed: No wetlands were observed during our site inspection.

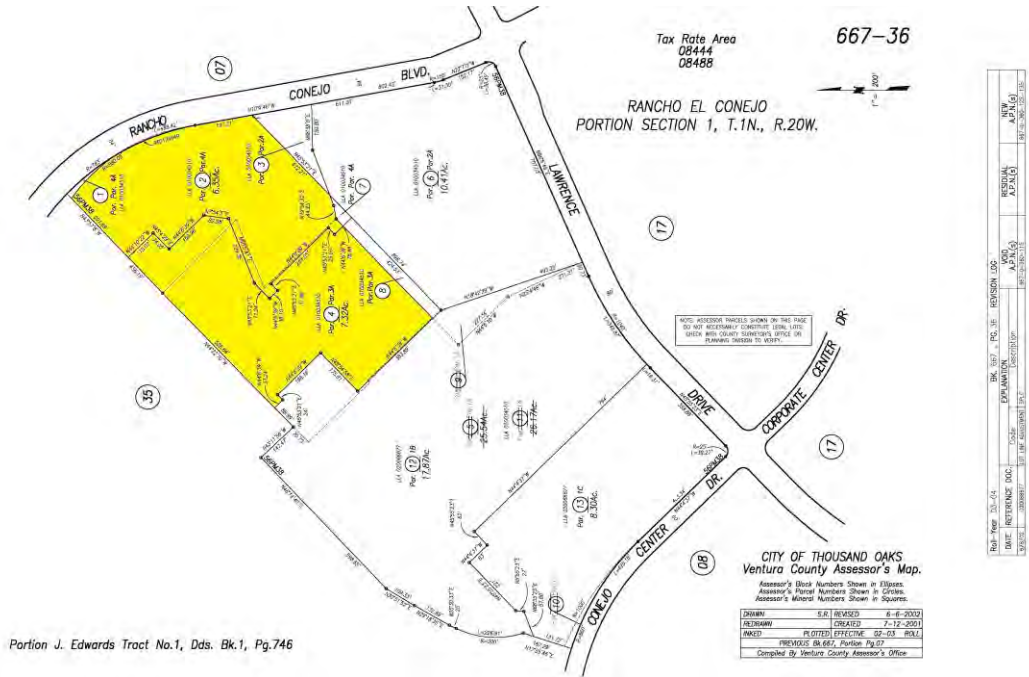
Environmental Issues: There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and Assumptions.

Encumbrance/  
Easements: There no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.



**Rancho Conejo I and II Site Description**

**Site Plan/Tax Map/Survey**





**Rancho Conejo I and II Subject Photographs**

**IMPROVEMENTS DESCRIPTION**

Development/Property Name: Rancho Conejo I and II

Property Type: Office

Overview: The subject is two multi-tenant office buildings: Rancho Conejo I is 62,468 square feet and was built in 1995, and Rancho Conejo II is a 98,449 square feet constructed in 1990. Both are located in the city of Thousand Oaks, Ventura County.

Building Summary				
Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area
Office Building	1995	Average	2.0	62,468
Office Building	1990	Average	1.0	98,449
Totals			3.0	160,917

**GENERAL - OFFICE BUILDING**

Building Identification: Office Building

Building Description: BuildingDesc

Building Class: B

Construction: Wood frame

Construction Quality: Average

Year Built: 1990 and 1995

Renovations: 2000

Effective Age: 18 years

Remaining Useful Life: 32

Condition: Average

Appeal/Appearance: Average



**Rancho Conejo I and II Subject Photographs**

Areas, Ratios & Number of Stories: 2.00 and 1.00  
Numbers: Gross Building Area: 62,468 and 98,449  
Number of Units: 11

Building Efficiency Ratio: 100.0%

**FOUNDATION, FRAME & EXTERIOR - OFFICE BUILDING**

Foundation: Poured concrete slab  
Structural Frame: Wooden Frame  
Exterior: Stucco  
Windows: Fixed Casement  
Roof/Cover: Flat / Asphalt Shingles

**INTERIOR - OFFICE BUILDING**

Interior Layout: Average  
Floor Cover: Carpet, Linoleum, Tile  
Walls: Painted drywall  
Ceilings & Ceiling Height: Acoustic ceiling panels / 18  
Lighting: A mix of fluorescent and incandescent lighting.  
Restrooms: Adequate

**MECHANICAL SYSTEMS - OFFICE BUILDING**

Heating: HVAC  
Cooling: HVAC  
Electrical: Adequate  
Plumbing Condition: Adequate  
Sprinkler: Wet System



Security: Adequate

**PARKING**

Parking Type and Type: ParkingType  
Number of Spaces: Spaces: 48  
Condition: ParkingLotCond

Parking Ratio: .3 spaces per 1,000 square feet.

**Americans With Disabilities Act**

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

**Hazardous Substances**

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



**Rancho Conejo I and II**

**Subject Photographs**

**SUBJECT PHOTOGRAPHS**



Front View Exposure of 1525 Rancho Conejo Blvd.



Front View Exposure of 1535 Rancho Conejo Blvd



Rear of Building (1525 Rancho Conejo Blvd.)



Rear of Building (1535 Rancho Conejo Blvd.)



View of Surface Parking Lot



Driveway and Parking Behind both buildings



**Rancho Conejo I and II Subject Photographs**



View of Exterior Patio



View of Exterior Elevator Lobby



Typical Interior Corridor



Vacant Office Space



Vacant Office Space



Typical Kitchen Space



**Rancho Conejo I and II**

**Subject Photographs**



Office Lobby (1525 Rancho Conejo Blvd.)



Typical Vacant Office Space



Typical Restroom



View of Vacant Land to the South of Subject



Northerly View Along Rancho Conejo Blvd.



Southerly View Along Rancho Conejo Blvd.



**Rancho Conejo I and II Assessment and Taxes**

**Assessment and Taxes**

In California, all real property is assessed at 100% of full cash value (which is interpreted to mean market value of the fee simple estate) as determined by the County Assessor. A reassessment occurs only when a property is sold (or transferred) or when new construction occurs (as differentiated from replacing existing construction). Assessments for properties that were acquired before the tax year 1975-1976 were stabilized as of the tax year 1975-1976. Property taxes are limited by state law to one percent of the assessed value plus voter-approved obligations. If no sale (or transfer) occurs or no new building takes place, assessments may not increase by more than two percent annually. Taxes are payable in two equal installments, which become delinquent after December 10 and April 10, respectively. The following table summarizes the current assessment value and property taxes for the subject.

**Taxing Authority** Ventura County

**Assessment Year** 2013

Real Estate Assessment and Taxes								
Tax ID	Land	Improvements	Other	Total	County Rate	Other Rate	Tax Rate	Taxes
667-0-360-025	\$2,006,000	\$6,053,000	\$0	\$8,059,000	\$1.00	\$0.06	\$1.06	\$85,022
667-0-360-045	\$3,149,000	\$9,176,000	\$0	\$12,325,000	\$1.00	\$0.06	\$1.06	\$130,029
667-0-360-015	\$14,000	\$3,200	\$0	\$17,200	\$1.00	\$0.06	\$1.06	\$181
667-0-360-075	\$19,000	\$4,800	\$0	\$23,800	\$1.00	\$0.06	\$1.06	\$251
667-0-360-085	\$75,000	\$0	\$0	\$75,000	\$1.00	\$0.06	\$1.06	\$791
Totals	\$5,263,000	\$15,237,000	\$0	\$20,500,000				\$216,275

The total taxes reflected on this table include County taxes as well as special assessments.

Real Estate Assessment Analysis					
Tax ID	Per SF	Per Acre	Total	Equalization Ratio	Implied Value
667-0-360-025	\$129.01	\$1,269,134	\$8,059,000	100.0%	\$8,059,000
667-0-360-045	\$125.19	\$1,683,743	\$12,325,000	100.0%	\$12,325,000
667-0-360-015		\$397,504	\$17,200	100.0%	\$17,200
667-0-360-075		\$405,313	\$23,800	100.0%	\$23,800
667-0-360-085		\$195,889	\$75,000	100.0%	\$75,000
Totals	\$254	\$3,951,583	\$20,500,000		\$20,500,000

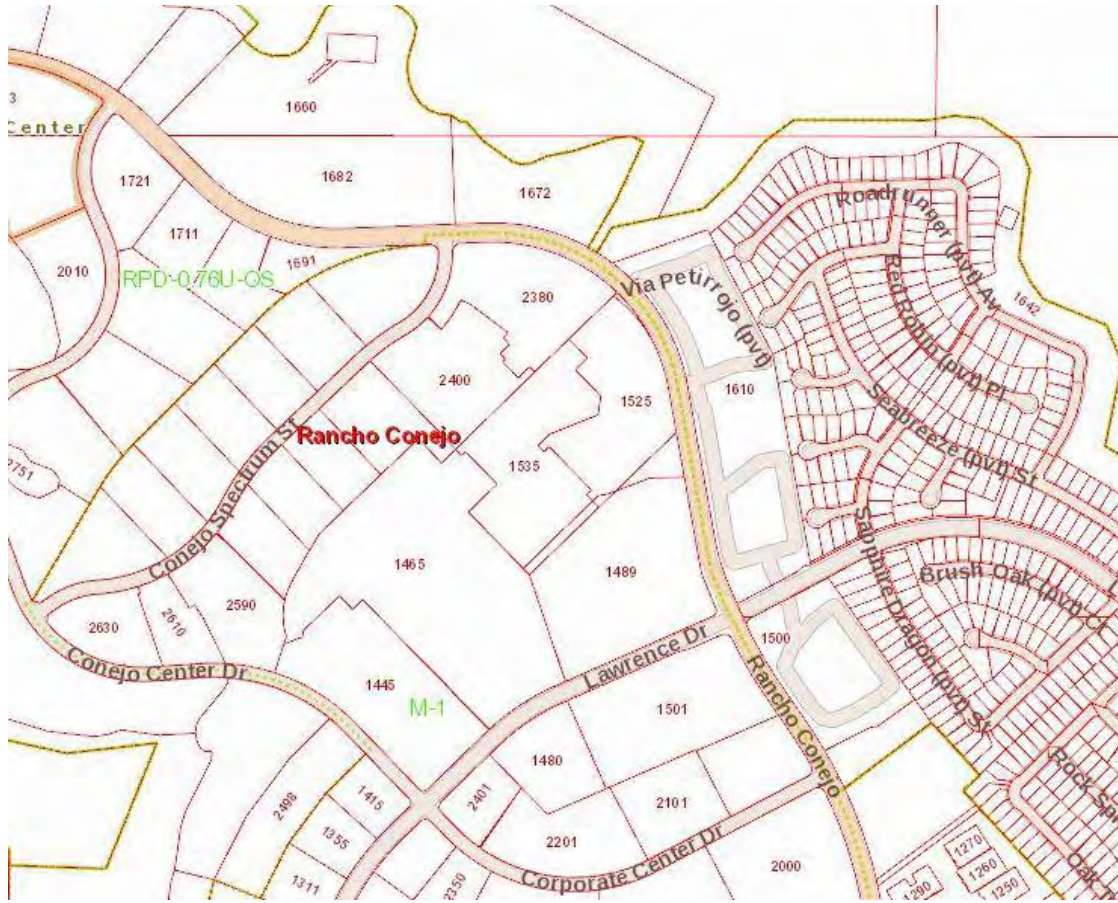
Notes:

**Comments**

My valuation assumes all taxes are current. If the subject sold for the value estimate in this report, a reassessment at that value would most likely occur, with tax increases limited to two percent annually thereafter until the property is sold again. The consequences of this reassessment have been considered in my analysis.



**Zoning**



**LAND USE CONTROLS**

Zoning Code	M-1
Zoning Description	Permitted uses include most industrial use buildings.
Current Use Legally Conforming	The subject is legal but non-conforming use. See comments.
Zoning Change Likely	A zoning change is unlikely.
Set Back Distance	10 Feet
Zoning Comments	Use as an office building requires a special use permit from the City of Thousand Oaks.

If additional information is required, please contact the local planning and/or zoning office.





## 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.<sup>3</sup>

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
4. **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

## Highest and Best Use of the Site

### As Vacant

#### Legal Permissibility

The legally permissible uses were discussed in the site analysis and zoning sections of this report.

#### Physical Possibility

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

#### Financial Feasibility

The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. As discussed in the Market Analysis section of this report, the subject office market has been negatively impacted by the downturn in the national and local economy. While development of new office properties has occurred in the past few years, all current plans are on hold until market conditions improve. Based on current market conditions, it is my opinion that it is not financially feasible to complete a new commercial office project.



Also, the subject property is zoned industrial and I also looked into the feasibility of building an industrial project on the site. Although the vacancy levels for industrial space are lower than the office market for this market, net absorption for industrial space is still reporting negative numbers and new construction would still not be considered a viable option at this time in the market.

#### Maximum Profitability

The final test of highest and best use of the site as though vacant is that the use be maximally productive, yielding the highest return to the land. In the case of the subject as if vacant, the analysis has indicated that holding the site as vacant until market conditions improve would be most appropriate.

#### **Conclusion – As If Vacant**

The highest and best use of the site, as vacant, is to hold for future development.

#### **As Improved**

##### Legal Permissibility

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

##### Physical Possibility

The physical characteristics of the subject improvements were discussed in detail in the Improvement Analysis section. The layout and positioning of the improvements is considered functional for commercial use. While it would be physically possible for a wide variety of uses, based on the legal restrictions and the design of the improvements, the continued use of the property for commercial users would be the most functional use.

##### Financial Feasibility

The financial feasibility of a commercial property is based on the amount of rent which can be generated, less operating expenses required to generate that income; if a residual amount existing, then the land is being put to a productive use. As will be indicated in the Income Capitalization Approach section, the subject is producing a positive net cash flow and continued utilization of the improvements for commercial purposes is considered financially feasible.

##### Maximum Profitability

The maximum profitable use of the subject as improved should conform to neighborhood trends and be consistent with existing land uses. Although several uses may generate sufficient revenue to satisfy the required rate of return on investment and provide a return on the land, the single use that produces the highest price or value is typically the highest



and best use. As shown in the applicable valuation sections, buildings that are similar to the subject have been acquired or continue to be used by commercial tenants. None of the comparable buildings have been acquired for conversion to an alternative use. These comparables would indicate that the maximally productive use of the property is consistent with the existing use as a commercial property.

### **Highest and Best Use as Improved**

The highest and best use of the subject, as improved, is as currently improved.



## Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

### Cost Approach

The Cost Approach is summarized as follows:

$$\begin{array}{l} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ = \text{Value} \end{array}$$

### Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

### Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

### Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

### *Analyses Applied*

A **cost analysis** was considered and was not developed because there is inadequate data to develop a land value and the age of the improvements makes the depreciation difficult to accurately measure.

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

An **income analysis** was considered and was developed because the subject is an income producing property and there is adequate data to develop a value estimate with this approach.



## **Sales Comparison Approach**

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

### ***Comparables***

I have researched six comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

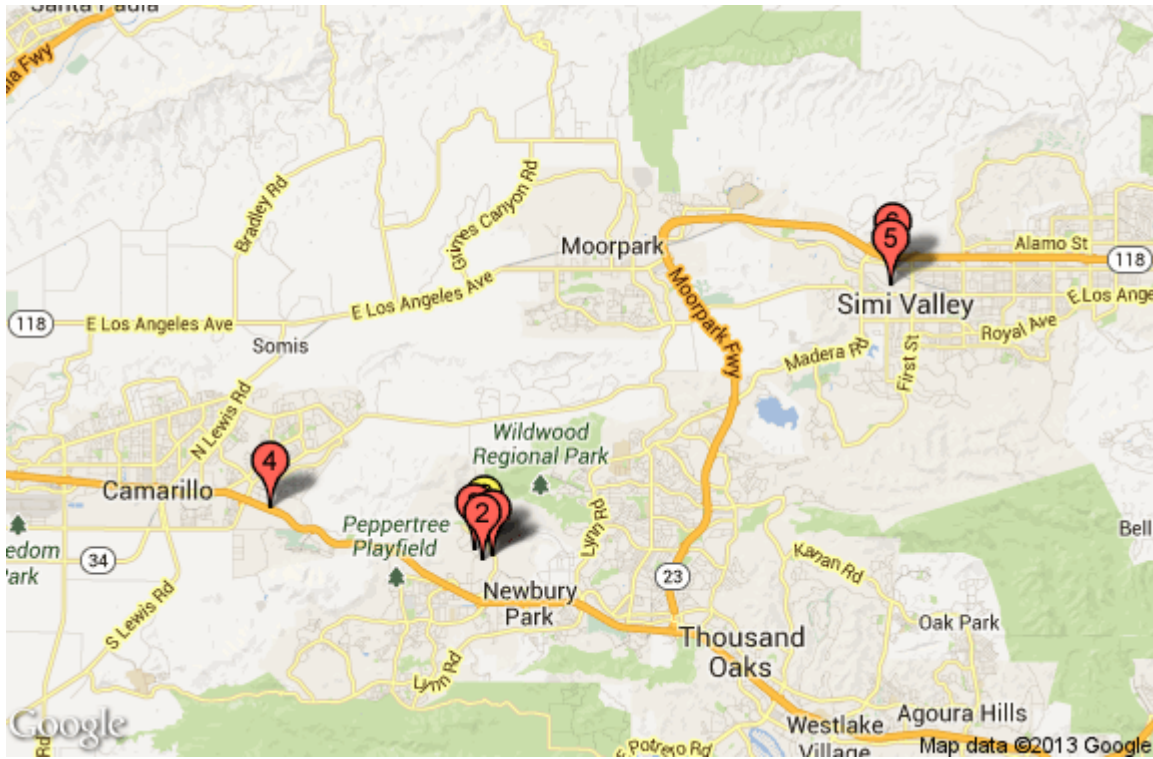


**Rancho Conejo I and II Sales Comparison Approach**

Comp Subject	Address	Date	Price	GBA	Price Per SF	Year Built
	1525-1535 Rancho Conejo Blvd.	1/1/11	--	160,917	--	1995
1	2001 Corporate Center Dr.	7/15/13	\$6,750,000	50,112	\$134.70	1986
2	2300 Corporate Center Dr.	7/15/13	\$13,000,000	88,064	\$147.62	1990
3	1445-1455 Lawrence Dr.	12/20/12	\$14,776,131	125,073	\$118.14	2002
4	5187 Camino Ruiz	9/11/12	\$12,600,000	94,950	\$132.70	2003
5	555 Easy St.	1/24/13	\$6,200,000	110,676	\$56.02	1985
6	2390 Ward Ave.	10/26/12	\$8,050,000	138,700	\$58.04	1989



**Rancho Conejo I and II Sales Comparison Approach**



***Discussion and Analysis***

Improved Sale No. One

This is the current listing of a 50,112-square-foot office building located at 2001 Corporate Center Drive in the city of Thousand Oaks. The improvements are two stories in height and were constructed in 1986. As of the date of sale, the property was 0 percent leased. The listing price was \$6,750,000, or \$134.70 per square foot of building area.

Initially downward adjustments have been made since this comparable is a listing and property rights. As compared to the subject property, this sale is similar in terms of location. The year built and the land to building ratio are inferior and upward adjustments are made for these factors. Overall, a downward adjustment was made for comparative purposes.

Improved Sale No. Two

This listing is located at 2300 Corporate Center Drive in the community of Newbury Park, CA. The property has been on the market for 950 days with an asking price of \$13,000,000 or \$147.62 per square foot. At the time of this report, this comparable was 0 percent leased. The class B office building was constructed in 1990 and has 88,064



**Rancho Conejo I and II Sales Comparison Approach**

square feet of rentable office space on two floors. A broker familiar with this listing states that it has been vacant for about five years with little to no interest to purchase.

Initial downward adjustments were made for conditions of sale and property rights. As compared to the subject property, this sale is similar in terms of location, building age, and condition. The land to building ratio is inferior and an upward adjustment was made for this factor. Overall, a downward adjustment was made for comparative purposes.

Improved Sale No. Three

This is the December 2012 sale of a 125,073-square-foot multi-tenant office building located at 1445-1455 Lawrence Drive in the city of Thousand Oaks. The improvements are two stories in height and were constructed in 2002. As of the date of sale, the property was 74 percent leased. The sale price was \$14,776,131, or \$118.14 per square foot of building area. It was reported by a local broker that the buyer already occupied approximately 80,000 square feet in the property.

As compared to the subject property, this sale is similar in terms of location. The year built and condition were superior factors which required downward adjustments. An upward adjustment was made for the inferior land to building ratio. Overall, a downward adjustment was made for comparative purposes.

Improved Sale No. Four

This is the September 2012 sale of a 94,950-square-foot R & D building located at 5187 Camino Ruiz in the city of Camarillo. The improvements are two stories in height and were constructed in 2003. As of the date of sale, the property was approximately 100 percent leased. The sale price was \$12,600,000, or \$132.70 per square foot of building area. The sale was conducted by a receiver although it was reported that receivership was unrelated to the building's performance and therefore no adjustments were made for conditions of sale. The cap rate was reported to be 8%.

As compared to the subject property, the land to building ratio is inferior and an upward adjustment was made for this factor. Also, downward adjustments were made for the location, year built, and condition. Overall, a downward adjustment was made for comparative purposes.

Improved Sale No. Five

This is the January 2013 sale of a 110,676-square-foot office building located at 555 Easy Street in the city of Simi Valley. The improvements are two stories in height and were constructed in 1985. As of the date of sale, the property was approximately 100 percent leased. The sale price was \$6,200,000, or \$56.02 per square foot of building area.





**Rancho Conejo I and II Sales Comparison Approach**

As compared to the subject property, this sale is similar in terms of condition. The location, year built, and land to building ratio are inferior and upward adjustments are made for these factors. Overall, an upward adjustment was made for comparative purposes.

Improved Sale No. Six

This is the October 2012 sale of a 138,700-square-foot commercial building located at 2390 Ward Avenue in the city of Simi Valley. The improvements are two stories in height and were constructed in 1989. As of the date of sale, the property was 100 percent leased. The sale price was \$8,050,000, or \$58.04 per square foot of building area.

As compared to the subject property, this sale is similar in terms of building age and condition. The location and land to building ratio are inferior and upward adjustments are made for these factors. Overall, an upward adjustment was made for comparative purposes.

***Analysis Grid***

The above sales have been analyzed and compared with the subject property. I have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.



**Rancho Conejo I and II Sales Comparison Approach**

Analysis Grid	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	
Address	1525-1535	2001 Corporate	2300 Corporate	1445-1455	5187 Camino Ruiz	555 Easy St.	2390 Ward Ave.
City	Thousand Oaks	Thousand Oaks	Newbury Park	Thousand Oaks	Camarillo	Simi Valley	Simi Valley
State	CA	CA	CA	CA	CA	CA	CA
Date	7/15/2013	7/15/2013	7/15/2013	12/20/2012	9/11/2012	1/24/2013	10/26/2012
Price	--	\$6,750,000	\$13,000,000	\$14,776,131	\$12,600,000	\$6,200,000	\$8,050,000
GBA	160,917	50,112	88,064	125,073	94,950	110,676	138,700
GBA Unit Price	\$0.00	\$134.70	\$147.62	\$118.14	\$132.70	\$56.02	\$58.04
<b>Transaction Adjustments</b>							
Property Rights	Leased Fee	Fee Simple	-10.0%	Fee Simple	-10.0%	Leased Fee	0.0%
Financing	na	0.0%	na	0.0%	Cash	0.0%	Cash
Conditions of Sale	Listing	-10.0%	Listing	-10.0%	Normal	0.0%	Normal
Expenditures After Sale	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Adjusted GBA Unit Price</b>	<b>\$109.11</b>	<b>\$119.57</b>	<b>\$118.14</b>	<b>\$132.70</b>	<b>\$56.02</b>	<b>\$58.04</b>	
Market Trends Through	7/15/13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Adjusted GBA Unit Price</b>	<b>\$109.11</b>	<b>\$119.57</b>	<b>\$118.14</b>	<b>\$132.70</b>	<b>\$56.02</b>	<b>\$58.04</b>	
Location	Average	Similar	Similar	Similar	Superior	Inferior	Inferior
% Adjustment	0%	0%	0%	0%	-10%	15%	15%
\$ Adjustment	\$0.00	\$0.00	\$0.00	\$0.00	-\$13.27	\$8.40	\$8.71
GBA	160,917	50,112	88,064	125,073	94,950	110,676	138,700
% Adjustment	0%	0%	0%	0%	0%	0%	0%
\$ Adjustment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Year Built	1995	1986	1990	2002	2003	1985	1989
% Adjustment	5%	0%	0%	-5%	-5%	5%	0%
\$ Adjustment	\$5.46	\$0.00	\$0.00	-\$5.91	-\$6.64	\$2.80	\$0.00
Condition	Average	Similar	Similar	Superior	Superior	Similar	Similar
% Adjustment	0%	0%	0%	-5%	-10%	0%	0%
\$ Adjustment	\$0.00	\$0.00	\$0.00	-\$5.91	-\$13.27	\$0.00	\$0.00
Land to Building Ratio	3.70	2.52	2.66	2.89	2.29	2.10	2.04
% Adjustment	5%	5%	5%	5%	5%	5%	5%
\$ Adjustment	\$5.46	\$5.98	\$5.91	\$6.64	\$2.80	\$2.90	\$2.90
Days on Market	334	950	na	137	na	1,277	
% Adjustment	0%	0%	0%	0%	0%	0%	0%
\$ Adjustment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other		0%	0%	0%	0%	0%	0%
% Adjustment		0%	0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Adjusted GBA Unit Price</b>	<b>\$120.02</b>	<b>\$125.55</b>	<b>\$112.23</b>	<b>\$106.16</b>	<b>\$70.02</b>	<b>\$69.65</b>	
<b>Net Adjustments</b>	<b>10.0%</b>	<b>5.0%</b>	<b>-5.0%</b>	<b>-20.0%</b>	<b>25.0%</b>	<b>20.0%</b>	
<b>Gross Adjustments</b>	<b>10.0%</b>	<b>5.0%</b>	<b>15.0%</b>	<b>30.0%</b>	<b>25.0%</b>	<b>20.0%</b>	

**Sales Comparison Approach Conclusion**

The adjusted values of the comparable properties range from \$69.65 to \$125.55; the average is \$100.61. All of the value indications have been considered, and in the final analysis, all comparables were considered in coming to a value conclusion on both improvements. However, comparables #3 and #4 were weighted heavily to determine the price per square foot for the building located at 1535 Rancho Conejo Blvd. and comparables #5 and #6 were primarily used to determine the value per square foot for 1525 Rancho Conejo Blvd. See the table below showing the final weighted average between the conclusion of price per square foot for both improvements in arriving at my final reconciled per square foot value of \$87.00.



**Rancho Conejo I and II Sales Comparison Approach**

<b>Weighted Average Price Per Square Foot</b>			
<b>Component</b>	<b>Price Per Sq.Ft.</b>	<b>% of Total Sq.Ft.</b>	<b>Weighted Price Per Sq.Ft.</b>
<b>1525 Rancho Conejo</b>	\$70.00	61.18%	\$42.83
<b>1535 Rancho Conejo</b>	\$115.00	38.82%	\$44.64
<b>Indicated Price Per Square Foot</b>			\$87.47
<b>Rounded:</b>			\$87.00
Compiled By: PRP			

<b>As Is Market Value</b>	
<b>Indicated Value per Square Foot:</b>	\$87.00
<b>Subject Size:</b>	160,917
<b>Indicated Value:</b>	\$13,999,779
<b>Rounded:</b>	\$14,000,000

Please note: Lease-up Cost and Above Market Rent Adjustment calculations can be found in the Income Approach section of this report.

<b>Market Approach Conclusion</b>	
Market Approach Value	\$14,000,000
Less Lease-Up Cost	-\$1,700,000
Above Market Rent Adjustment	\$970,000
Final Value Conclusion	\$13,270,000
<b>Rounded</b>	<b>\$13,300,000</b>

**\$13,300,000**

**Thirteen Million Three Hundred Dollars**



## **Income Approach**

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

### **Appropriate Capitalization Method**

A number of factors were considered in evaluating the appropriateness of using the direct capitalization method and/or the DCF technique.

#### Occupancy Status

If the subject is not at stabilized occupancy, the DCF method is typically the preferred method because it better models the present value impact of lease-up costs on value. If the subject is at stabilized occupancy, the direct capitalization method may be the most applicable.

#### Lease Structure

Consideration is given to the structure of the subject's existing lease structure. Where the subject's lease income generally reflects market terms, direct capitalization may be appropriate. Discounted cash flow analysis may also be relevant depending on typical buyer preferences. Conversely, the usefulness of a direct capitalization analysis may be limited in instances where the subject includes leases having a variety of rent levels, rent escalation structures, or differing expense treatments.

#### Above-Market or Below-Market Rent

If the subject's rent structure reflects general market levels, both direct capitalization and DCF analyses may be relevant. When average rent is above or below market, however, the income capitalization approach requires an appropriate adjustment for the present value of the market/contract difference. Reliability of the direct capitalization method becomes more limited as the average rent level becomes more complicated. Discounted cash flow methodology is favored when adjustments become overly subjective or difficult to discern.

#### Typical Buyer Behavior

Selection of the appropriate methodology also depends upon the behavior of typical buyers of the subject's property type within the local market.



**Rancho Conejo I and II Income Approach**

Conclusion

The subject property is currently partially owner occupied. After considering the foregoing factors, and discussing the property with market participants, both the direct capitalization and discounted cash flow methods have been employed in this appraisal.

**Direct Capitalization Analysis**

The steps involved in capitalizing the subject's net operating income are as follows:

- Develop the subject's Potential Gross Income (PGI) through analysis of the subject's actual historic income and an analysis of competitive current market income rates.
- Estimate and deduct vacancy and collection losses to develop the Effective Gross Income (EGI).
- Develop and subtract operating expenses to derive the Net Operating Income (NOI).
- Develop the appropriate capitalization rate ( $R_o$ ).
- Divide the net operating income by the capitalization rate for an estimate of value through the income approach.

**Potential Gross Income (PGI)**

**Current Income**

The table below summarizes the subject's current and historic income.

Income Summary								
Unit/Space Type	Appraisal		Budget		2012		2011	
	Amount	\$/SF	Amount	\$/SF	Amount	\$/SF	Amount	\$/SF
Office	\$2,703,159	\$16.98	\$2,026,799	\$32.71	\$2,495,135	\$15.67	\$2,511,804	\$15.77
Totals	\$2,703,159	\$16.98	\$2,026,799	\$12.73	\$2,495,135	\$15.67	\$2,511,804	\$15.78

**Space Types & Occupancy**

The following table details the space types we have defined for the subject, and current occupancy.

Space Type	Units/ Tenants	SF Total	% of Total	SF Leased	SF Vacant	% Vacant
1525 Conejo Blvd.	9	61,966	38.9%	37,032	24,934	15.7%
1535 Conejo Blvd.	2	97,220	61.1%	97,220	0	0.0%
Totals	11	159,186	100.0%	134,252	24,934	15.7%



**Rancho Conejo I and II** **Income Approach**

***Rent Roll***

The following rent roll details the current occupancy and rent status on a unit by unit basis.



**Rancho Conejo I and II** **Income Approach**

Rent Roll														
Rent Roll	Suite		No. of	% of	Lease Date	Lease Date	Lease	Lease	Contract	Contract	Asking \$	Market	Cntr./Ask	
Tenant/Unit Name	No.	Space Type	Units	SF	Total	Start	End	Term	Type	Rent*	Rent/SF	Rent/SF	Rent	Variance
Philips Electronics	100	1525 Conejo Blvd. Office	1	13,300	8.4%	10/1/2010	9/30/2013	36 Mos.	Gross	\$304,775	\$22.92		\$18.00	27%
Vacant	101	1525 Conejo Blvd. Office	1	1,314	0.8%	na	na	0 Mos.	Gross				\$18.00	NA
Dept. of General	102	1525 Conejo Blvd. Office	1	6,677	4.2%	1/1/2012	12/31/2019	96.02 Mos.	Gross	\$124,572	\$18.66		\$18.00	4%
Vacant	103	1525 Conejo Blvd. Office	1	2,875	1.8%	na	na	0 Mos.	Gross				\$18.00	NA
PST Services, INC.	104	1525 Conejo Blvd. Office	1	15,601	9.8%	7/1/2011	5/31/2017	71.04 Mos.	Gross	\$310,772	\$19.92	\$12.00	\$18.00	11%
Vacant	200	1525 Conejo Blvd. Office	1	16,872	10.6%	7/1/2011	5/31/2017	71.04 Mos.	Gross				\$18.00	NA
Bella Falla West	204	1525 Conejo Blvd. Office	1	1,454	0.9%	3/1/2012	3/31/2015	36.98 Mos.	Gross	\$32,279	\$22.20	\$820.00	\$18.00	23%
Vacant	206	1525 Conejo Blvd. Office	1	2,490	1.6%	na	na	0 Mos.	Gross				\$18.00	NA
Vacant	207	1525 Conejo Blvd. Office	1	1,383	0.9%	na	na	0 Mos.	Gross				\$18.00	NA
Ceres, Inc.	A	1535 Conejo Blvd. Flex	1	48,598	30.5%	4/1/2004	9/30/2019	186.06	Gross	\$408,223	\$8.40		\$8.40	0%
Amgen USA, Inc.	B	1535 Conejo Blvd. Flex	1	48,622	30.5%	10/8/2006	10/31/2016	120.84	Gross	\$787,676	\$16.20		\$8.40	93%
Totals			11	159,186	100.0%				Total	\$1,968,297	\$14.66			
Leased			6	134,252	84.3%				Total Commercial	\$1,968,297	\$14.66	Rent/SF/Year		
Vacant			5	24,934	15.7%				Total Multifamily	\$0	\$0.00			

\*Contract Rent = Annualized rent as of appraisal date

Rent per SF for occupied space ↑

Note: The lease in Suite #100 (Philips Electronics) had originally been scheduled to expire on 9/30/2015. The client has provided with information that this tenant has exercised its' right to early termination making the lease end date 9/30/2013.



**Rancho Conejo I and II Income Approach**

**Recent Leases**

The following table details leases signed at the subject after January 1, 2010.

Recent Leases					
Tenant	Space Type	Lease Date Start	Lease Date End	Contract Rent*	Contract Rent/SF*
Bella Falla West	1525 Conejo Blvd. Offic	3/1/2012	3/31/2015	\$32,279	\$22.20
Dept. of General Ser	1525 Conejo Blvd. Offic	1/1/2012	12/31/2019	\$124,572	\$18.66
PST Services, INC.	1525 Conejo Blvd. Offic	7/1/2011	5/31/2017	\$310,772	\$19.92
Vacant	1525 Conejo Blvd. Offic	7/1/2011	5/31/2017	\$0	
Philips Electronics	1525 Conejo Blvd. Offic	10/1/2010	9/30/2013	\$304,775	\$22.92

\*Contract Rent = Annualized rent as of appraisal date

**Overall Rent Ranges**

The following table detail overall rent ranges at the subject, organized by space type.

Rent Ranges by Space Type					
Space Type	Avg. Size	Units	Low	High	Average
1525 Conejo Blvd.	6,885	4	\$18.66	\$22.92	\$20.92
1535 Conejo Blvd.	48,610	2	\$8.40	\$16.20	\$12.30

**Major Tenants**

Major Tenants					
Tenant	Space Type	SF	Lease Date End	Contract Rent*	Contract Rent/SF*
Amgen USA, Inc.	1535 Conejo Blvd. Flex	48,622	10/31/2016	\$787,676	\$16.20
Ceres, Inc.	1535 Conejo Blvd. Flex	48,598	9/30/2019	\$408,223	\$8.40
PST Services, INC.	1525 Conejo Blvd. Offic	15,601	5/31/2017	\$310,772	\$19.92
Philips Electronics	1525 Conejo Blvd. Offic	13,300	9/30/2013	\$304,775	\$22.92
Dept. of General Ser	1525 Conejo Blvd. Offic	6,677	12/31/2019	\$124,572	\$18.66

\*Contract Rent = Annualized rent as of appraisal date

Information provided by the client, show that Amgen USA, Inc. and Ceres, Inc., which both fully occupy the building at 1535 Rancho Conejo Blvd. have recently signed 3 and 5 year extensions respectively.





**Rancho Conejo I and II** **Income Approach**

Lease Expirations				
Year Ending	SF Expiring*	% of Total	Cumulative	% of Total
7/15/2014	13,300	8.4%	13,300	8.4%
7/15/2015	1,454	0.9%	14,754	9.3%
7/15/2016	0	0.0%	14,754	9.3%
7/15/2017	64,223	40.3%	78,977	49.6%
7/15/2018	0	0.0%	78,977	49.6%
7/15/2019	0	0.0%	78,977	49.6%
7/15/2020	55,275	34.7%	134,252	84.3%
7/15/2021	0	0.0%	134,252	84.3%
7/15/2022	0	0.0%	134,252	84.3%
7/15/2023	0	0.0%	134,252	84.3%

\*Existing commercial leases only. Projected leases, if any, excluded

**Lease Expiration Schedule**

The lease expiration schedule provides insight to vacancy exposure and lease-up expenses.

Lease Expirations				
Year Ending	SF Expiring*	% of Total	Cumulative	% of Total
7/15/2014	13,300	8.4%	13,300	8.4%
7/15/2015	1,454	0.9%	14,754	9.3%
7/15/2016	0	0.0%	14,754	9.3%
7/15/2017	64,223	40.3%	78,977	49.6%
7/15/2018	0	0.0%	78,977	49.6%
7/15/2019	0	0.0%	78,977	49.6%
7/15/2020	55,275	34.7%	134,252	84.3%
7/15/2021	0	0.0%	134,252	84.3%
7/15/2022	0	0.0%	134,252	84.3%
7/15/2023	0	0.0%	134,252	84.3%

\*Existing commercial leases only. Projected leases, if any, excluded

**Market Rent**

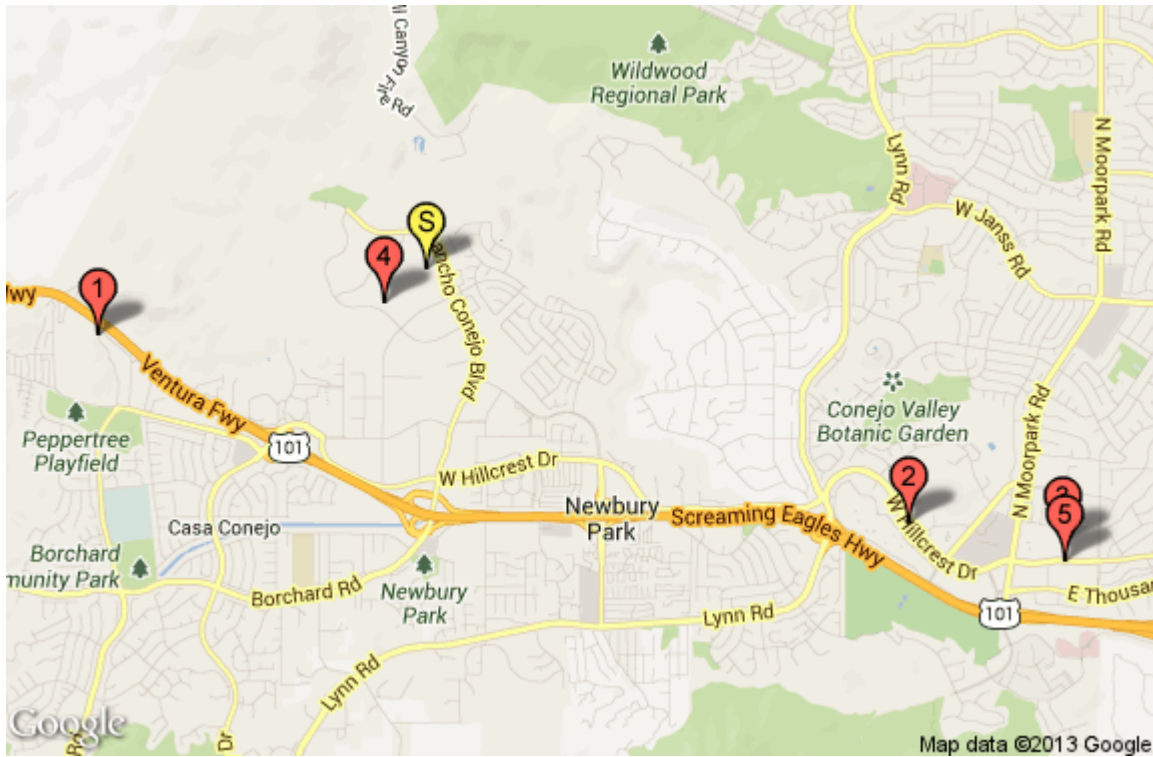
**Market Rent Comparables**

I have researched five comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.



**Rancho Conejo I and II Income Approach**

Comp#	Address City/State	Year Built Condition	Property Name Tenant	Date	Term	Type	Size	Rent/SF
1	3623 Old Conejo Rd. Thousand Oaks, CA	2002 Average	3623 Old Conejo Rd. IS Squared	Jun-13	39 mths	MG	1,631	\$1.46
2	299 W Hillcrest Dr. Thousand Oaks, CA	1986 Average	299 W Hillcrest Dr. Pacific Preservation Services	Mar-13	42 months	FSG	3,011	\$1.75
3	325 E Hillcrest Dr. Thousand Oaks, CA	1983 Average	325 E Hillcrest Dr. Center for Autism	Mar-13	66 months	FSG	4,547	\$1.86
4	1445-1455 Lawrence Dr. Thousand Oaks, CA	2002 Average	1445-1455 Lawrence Dr. Nexsan Technologies, Inc.	Sep-11	120 months	MG	30,033	\$0.55
5	275 E Hillcrest Dr. Thousand Oaks, CA	1983 Average	275 E Hillcrest Dr. Surfcam, Inc.	Feb-13	36 months	FSG	3,160	\$1.60



**Discussion of Rent Comparables**

Rental No. One

This comparable is the Becker office building, located adjacent to the Ventura (101) Freeway in the community of Newbury Park. The building was constructed in 2002 and totals 19,248 square feet. The property is currently 100 percent leased.

This lease was signed in the second quarter 2013 and encumbers 1,631 square feet of space. The lease has an initial base rent of \$1.35 per square foot per month, modified gross, the tenant pays janitorial. The lease term is three years and the base rent escalates at 3.0 percent per year annually. The tenant was provided with a \$5 per square foot tenant improvement allowance. Concessions of three months free rent were given.



Rental No. Two

This comparable is the Briarwood Building, located at 299 W. Hillcrest Drive in the city of Thousand Oaks. The building was constructed in 1986 and totals 42,500 square feet. The property is currently 90.4 percent leased.

There has been one recent lease at this property. The lease commenced in the first quarter 2013 and has a three and a half year term. The lease encumbers 3,011 square feet of space with an initial base rent of \$1.70 per square foot per month, full service gross. The base rent escalates at 3.0 percent per year. The tenant was provided with no tenant improvement allowance but was given four months free rent.

Rental No. Three

This comparable is part of the Stone Creek Professional Offices, located at 325 E. Hillcrest Drive in the city of Thousand Oaks. The building was constructed in 1983 and totals 53,314 square feet. The property is currently 100 percent leased.

There are last tenant to lease space at this property was a medical tenant. As signed, the lease will have an initial base rent of \$1.75 per square foot per month, full service gross. The base rent escalates at 3.0 percent per year. The tenant also received \$20 per square foot for tenant improvements and 6 months free rent.

Rental No. Four

This comparable is the September 2011 lease of a 30,033-square-foot portion of a larger building located at 1445 Lawrence Drive in the city of Thousand Oaks. The building was constructed in 2002 and totals 125,073 square feet. The property is currently 100 percent leased. The lease has an initial base rent of \$0.55 per square foot per month, on a modified gross basis. The lease term is for ten years and the base rent escalates at 3.0 percent per year.

Rental No. Five

This comparable is a first quarter 2013 lease of a 3,160-square-foot space. The building was constructed in 1983 and totals 49,794 square feet. The tenant (Surfcam, Inc.) signed a three year lease and has an initial base rent of \$1.55 per square foot per month, on a full service gross basis. The tenant received one month free rent. The tenant received a reported \$1.00 per square foot tenant improvement.

**Market Rent Reconciliation**

Based on the above analysis and discussions with local professionals, I have reconciled to a market rent of \$18.00 per square foot per year for medium office space (1525 Rancho Conejo Blvd.) and \$8.40 per square foot per year for large office space (1535 Rancho Conejo Blvd.), as of July 15, 2013, for the subject property.



**Rancho Conejo I and II** **Income Approach**

**Summary of Market Rent**

The table below summarizes the market rent estimates for the subject, organized by space type.

Market Rent by Space Type				
Space Type	Rent	Increases	Type	Term
1525 Conejo Blvd. Office	\$18.00	3% per annum	Gross	5 years
1535 Conejo Blvd. Flex	\$8.40	3% per annum	Gross	5 years



**Rancho Conejo I and II** **Income Approach**

**Potential Gross Income Summary**

Potential Gross Income - Occupied Space							
Occupied Space	SF	Units	Contract Rent	Contract Rent/SF	Market Rent	Market Rent/SF	Contract V. Mkt. Rent
1525 Conejo Blvd. Office	37,032	4	\$772,398	\$20.86	\$666,576	\$18.00	115.9%
1535 Conejo Blvd. Flex	97,220	2	\$1,195,899	\$12.30	\$816,648	\$8.40	146.4%
Occupied Space Totals	134,252	6	\$1,968,297	\$14.66	\$1,483,224	\$11.05	132.7%

\*Contract Rent = Annualized rent as of appraisal date

Potential Gross Income - Vacant Space				
Potential Gross Rent Vacant Space	SF	Units	Market Rent	Market Rent/SF
1525 Conejo Blvd. Office	24,934	5	\$448,812	\$18.00
Vacant Space Totals	24,934	5	\$448,812	\$18.00

Potential Gross Income Summary			
Market Rent		Contract & Market Rent	
Market PGI For Occupied Space	\$1,483,224	Contract Rent For Occupied Space	\$1,968,297
Market PGI For Vacant Space	\$448,812	Market PGI For Vacant Space	\$448,812
Market Potential Gross Income	\$1,932,036	Contract & Market PGI	\$2,417,109
Market PGI per SF	\$12.14	Contract & Market PGI per SF	\$15.18
		Contract to Market Ratio	125.1%



**Rancho Conejo I and II Income Approach**

The differential in contract rent versus market rent in the graph above shows that contract rent is currently about 132% of market rent. This is primarily based upon the Amgen lease that is currently in place in the 1535 Rancho Conejo building and will run for a short term (3 years). This was an extension to their original lease and is set to expire in November 2016. The above market rent was adjusted for in my analysis and market rents were used in the Direct Capitalization to Value.

**Vacancy and Collection Loss**

Based on a review of market conditions and the subject’s operating history I have projected vacancy and collection loss at 10.00%.

**Expenses**

The table below details the subject’s current expenses and recent history.

Expense Summary								
Expense	Appraisal		Budget		2012		2011	
	Amount	\$/SF	Amount	\$/SF	Amount	\$/SF	Amount	\$/SF
Taxes	\$125,000	\$0.78	\$385,273	\$2.39	\$113,100	\$0.70	\$419,557	\$2.61
Insurance	\$15,000	\$0.09	\$16,998	\$0.11	\$16,104	\$0.10	\$13,824	\$0.09
Utilities	\$165,000	\$1.03	\$149,982	\$0.93	\$166,148	\$1.03	\$167,295	\$1.04
Repairs/Maintenance	\$135,000	\$0.84	\$192,150	\$1.19	\$93,802	\$0.58	\$100,333	\$0.62
Admin./Cleaning	\$175,000	\$1.09	\$174,575	\$1.08	\$193,560	\$1.20	\$106,713	\$0.66
Management	\$52,345	\$0.33	\$78,308	\$0.49	\$39,853	\$0.25	\$125,431	\$0.78
Totals	\$667,345	\$4.19	\$997,286	\$6.26	\$622,567	\$3.91	\$933,153	\$5.86

Notes: \$/SF and/or \$/Unit are based on totals for the property.

**Comparable Data**

The following table summarizes the current operating expenses for several comparable properties.

Operating Expense Comparable			
Item	#1	#2	#3
RE Taxes	\$2.76	\$3.13	\$4.54
Insurance	\$0.15	\$1.22	\$0.52
Utilities	\$3.73	\$2.29	\$2.77
Repairs/Maintenance	\$1.59	\$3.92	\$5.02
Admin./Cleaning	\$1.48	\$1.35	\$0.67
Management	\$1.79	\$1.13	na

All of the expense comparables represent office buildings in the Conejo Valley area. As indicated, the range in expenses is from \$8.74 to \$9.91 per square foot less real estate taxes.



## **Expenses Analysis and Projection**

### Real Estate Taxes

The reader's attention is directed to the Tax and Assessment Data section of this report where a detailed discussion of real estate taxes is contained. In my analysis, I have used my value estimate for the property prior to the addition of the value of the above market income. In my opinion, this is consistent with the assessor's methodology.

### Insurance

The insurance cost in the market varies depending on the coverage limits and whether an earthquake policy is in place.

Considering the above, I conclude with a market insurance expense for the subject property of \$0.09 per square foot on an annual basis, consistent with the historical amount.

### Utilities

Considering the fact that the historical expense for utilities has run between \$0.93 per square foot and \$1.04 per square foot it is reasonable for the subject's actual expense to be used since it is primarily for expenses related to 1525 Rancho Conejo and the surrounding parking lots. 1535 Rancho Conejo is individually metered and therefore the utility cost, spread out over the square footage of both buildings, is well below the market range shown in the comparables.

I have concluded to a utility expense of \$1.03 per square foot for the subject property.

### Repairs & Maintenance

These are costs associated with general repairs and maintenance of the common areas. The cost of comparables has ranged from \$1.59 to \$5.02 per square foot. I am using a value that is in line with the actual expenses reported due to the age of the building.

I have concluded with an expense equal to \$0.84 per square foot in my analysis.

### Administrative/Cleaning

Administrative expenses for properties of the subject's size typically include an allocation of personnel costs, and also include sundry accounting expenses and bank charges. Our estimate also includes items such as cleaning expenses; security; and expenses related to the grounds are included in this cost category.

Our estimate of janitorial expenses was based on typical market expectation. The combination of repairs and janitorial expenses is within the framework of the historical reporting, as well as, security expenses.

As indicated, an amount of \$1.09 per square foot was used for this expense.



### Management

Within the subject's marketplace, the typical fee for managing a property is two to five percent of effective rental income or a stated monthly fee. This fee includes collection, supervision, and budget preparation. As the subject is a larger property leased to multiple tenants on a full service gross basis, the overall management cost should be towards the lower end of the market range. Based on my experience, including past conversations with management personnel at both CB Richard Ellis, Inc. and Cushman & Wakefield of California, Inc, I project this expense to be 3.0 percent of effective gross income (income after deduction for vacancy loss).

### Reserves

It is customary and prudent to deduct an annual sum from effective gross revenues to establish a reserve for replacing short-lived items throughout the property. The standard utilized is to set up a line item reserve for replacements as a percentage of effective gross income and deduct this amount either before or after the net operating income line in the discounted cash flow forecast. However, a separate line item reserve for replacements is not typically utilized in the direct capitalization method. More typically, this expense is factored into the selected overall capitalization rate. Therefore, in my direct capitalization analysis I have not included a separate expense item for reserve for replacements as this cost has been factored into my selected overall capitalization rate. In the discounted cash flow analysis, an allowance for reserves of \$0.20 per square foot has been incorporated into the analysis.

### **Capitalization Rate**

The capitalization rate is the factor that converts the stabilized net operating income (NOI) to a present value. It is the ratio of net income to value or sale price.

$$\text{NOI} \div \text{Sale Price} = \text{Capitalization Rate}$$

For example, if a property sells for \$500,000, and has a stabilized NOI of \$50,000, the indicated capitalization rate is 10%.

### **Market Extracted Rates**

The table below details capitalization rates extracted from the market.





**Overall Rate Comparables**

Location	Sale Date	OAR
Agoura Hills	6/13	6.50%
Thousand Oaks	5/13	6.40%
Chatsworth	12/12	5.90%
Ventura	10/12	7.39%
Camarillo	9/12	8.56%

**Survey Data**

Another method for establishing an overall capitalization rate for the subject is to review the criteria of major investors in the marketplace. This may serve as a check against other techniques or may be a primary source when ample data exists.

This technique is considered to be appropriate for each component of the subject. The 1st Quarter 2013 PricewaterhouseCoopers Survey indicates a range in overall rates for the office properties in the Los Angeles area of between 4.5 and 8.5 percent. The average indication is 6.66 percent, down 8 basis points from the average reported as of the 1st Quarter 2012.

Considering the subject's location and tenant mix, an overall rate consistent with the upper end of the range indicated by the above survey is considered reasonable.

**Market Participant Survey**

Lastly, I have also spoken with several investment sales brokers, including professionals at CB Richard Ellis, Inc., Cushman & Wakefield, Eastdil Secured and Madison Partners, regarding the current investment market and overall rates. All of the brokers I spoke with indicated that the perception amongst investors is that the market is fairly stagnant. In general, the brokers indicated a range in overall rates from 7.0 percent to 8.0 percent for office product in the Thousand Oaks area. This range assumes leases are at market and that there is no significant (or unusual) rollover patterns.

**Capitalization Rate Conclusion**

In my analysis, I have placed the most emphasis on the recent sales and the opinions of local market participants. Considering the location of the subject and current market conditions, I conclude with a "market" overall rate for the subject property of 8.00%.



**Rancho Conejo I and II Income Approach**

**Capitalization to Value**

Income Capitalization Analysis					
Unit/Space Type	Income	Method	Units/SF	Annual	% of PGI
1525 Conejo Blvd. Office	\$18.00	\$/SF/Year	61,966	\$1,115,388	57.7%
1535 Conejo Blvd. Flex	\$8.40	\$/SF/Year	97,220	\$816,648	42.3%
Potential Gross Income:				\$1,932,036	100.0%
Vacancy & Collection Loss 10.00%				\$193,204	
Other Income:				\$6,000	
Effective Gross Income (EGI):				\$1,744,832	90.3%

Expense	Amount (% or \$)	Method	Annual	\$/SF
Taxes	\$125,000	\$/Year	\$125,000	\$0.78
Insurance	\$15,000	\$/Year	\$15,000	\$0.09
Utilities	\$165,000	\$/Year	\$165,000	\$1.03
Repairs/Maintenance	\$135,000	\$/Year	\$135,000	\$0.84
Admin./Cleaning	\$175,000	\$/Year	\$175,000	\$1.09
Management	3%	% of EGI	\$52,345	\$0.33
Total Expenses:			\$667,345	\$4.15
Expense Ratio (Expenses/EGI):			38.25%	
Expense Reimbursements:			\$0	
Net Expense Ratio			38.25%	
Net Operating Income (NOI):			\$1,077,487	\$6.70
Capitalization Rate:			8.00%	
Value (NOI/Cap Rate):			\$13,468,593	\$83.70
Rounded:			\$13,500,000	\$83.89

**Direct Capitalization Analysis Conclusion**

Please refer to the graph on the next page for the calculation of the lease-up costs for the subject property.

Based on the above analysis detailed above, as of July 15, 2013 I have reconciled to a direct capitalization approach value of:

Direct Capitalization Conclusion	
Direct Capitalization Value	\$13,500,000
Less Lease-Up Cost	-\$1,700,000
Above Market Rent Adjustment	\$970,000
Final Value Conclusion	\$12,770,000
<b>Rounded</b>	<b>\$12,800,000</b>

**\$12,800,000**

**Twelve Million Eight Hundred Dollars**



**Rancho Conejo I and II Income Approach**

<b>LEASE-UP COSTS</b>	
Item	Vacant Space
<b>Rent Loss</b>	
SF To Lease	37,234
Downtime in months	12
Market Rental Rate	<u>\$1.50</u>
Total Lost Rent	\$670,212
<b>Lost Expense Recoveries</b>	
SF To Lease	37,234
Downtime in months	12
Monthly Expense Recovery	<u>\$0.00</u>
Total Lost Expense Recoveries	\$0
<b>Free Rent</b>	
SF To Lease	37,234
Months Free Rent	3.0
Market Rental Rate	<u>\$1.50</u>
Total Free Rent	\$167,553
<b>Tenant Improvement Costs</b>	
SF To Lease	37,234
TI Allowance per SF	<u>\$12.00</u>
Total TI Allowance	\$446,808
<b>Leasing Commissions</b>	
Leased SF	37,234
Average Effective Rent	\$1.55
Lease Term in Months	60
Commission Rate	<u>6.00%</u>
Total Commission	\$207,766
<b>Total Lease-up Costs</b>	
	\$1,492,339
<b>Developer's Profit at 15%</b>	<u>\$223,851</u>
<b>Total Adjusted Lease-up Costs</b>	\$1,716,190
<b>Rounded</b>	\$1,700,000
<b>Compiled By: PRP</b>	



**Rancho Conejo I and II Income Approach**

**Above Market Lease**

The renewal lease for the tenant (Amgen) in suite B of 1535 Rancho Conejo Blvd., was written for a rental rate of \$16.20 per square foot per year with 3% annual bumps. This rate is above the conclusion of market rent for that space, which was concluded at \$8.40 per square foot per year for this report. The new rental rate takes into consideration that no leasing commission was paid or that there is no tenant improvement allocation in the renewal. However, considering the size of the tenant and the above market rental rate an addition was given for the “As-Is Valuations” to adjust accordingly for the new lease in place. The graph below represents those calculations.

Above Market Lease Calculation				
Rent	Year 1	Year 2	Year 3	Total
Contract	\$787,676.40	\$811,014.96	\$833,867.30	\$2,432,558.66
Market	\$408,424.80	\$420,677.54	\$433,297.87	\$1,262,400.21
Differential	\$379,251.60	\$390,337.42	\$400,569.43	\$1,170,158.45
Net Present Value of Total (10%, 36 months)				\$968,320.83
Rounded				<b>\$970,000.00</b>

**Discounted Cash Flow Analysis**

DCF analysis is based on the theory of present value. Where Direct Capitalization values a representative single “stabilized” cash flow, DCF analysis allows for more detailed and explicit expression of future cash flows and resale of the investment. Further, DCF analysis has the advantage of addressing irregular cash flow scenarios.

To perform a discounted cash flow analysis, one takes the holding period of the investment, forecasts all future cash inflows and outflows, selects an appropriate discount rate and then converts all future net benefits into a present value by discounting each annual future net benefit and summing the individual results. This can be seen in the equation below:

$$\text{Net Present Value} = CF1/(1+i) + CF2/(1+i)^2 + CF3/(1+i)^3 + CFn/(1+i)^n$$

Where: **CF** = expected net cash flow; **i** = the discount rate used, and **n** = the time period in which the cash flow occurs

The applied process is as follows:

1. Estimate the holding period for the investment
2. Estimate the market rent or income for the subject
3. Estimate the vacancy and collection loss rates for the subject market segment
4. Project the contract or effective income for the subject



5. Estimate and project the expenses for the subject
6. Estimate the resale value of the subject and related expenses
7. Develop the appropriate discount rate and convert the net cash flows to a present value

### **General Assumptions**

The DCF analyses utilize a ten-year projection period. This is consistent with current investor assumptions.

#### Growth Rate Assumptions

The inflation and growth rates for the DCF analysis have been estimated by analyzing the expectations typically used by buyers and sellers in the local marketplace. Published investor surveys, an analysis of the Consumer Price Index (CPI), as well as survey of brokers and investors active in the local market form the foundation for the selection of the appropriate growth rates. My conclusions are as follows:

- Real estate taxes are projected to increase by 2.0 percent per year, consistent with California's Proposition XIII;
- Operating costs are expected to increase by 3.0 percent per year (my inflation assumption);
- Market Rent: Based on my survey, most market participants are projecting market rents will increase at a rate similar to inflation. As such, I have included a market rent growth rate equal to inflation for all years.

#### Leasing Assumptions

The contract lease terms for the existing tenants are utilized within the DCF analysis, with market leasing assumptions applied for renewals and absorption tenants. The previously concluded pro forma income and expenses have been utilized as the basis for market leasing projected in Year 1 of the holding period. All subsequent years vary according to the growth rate assumptions applied to the Year 1 estimate.

#### Leasing Commissions

In estimating the market rate for leasing commissions, primary emphasis has been placed on the information provided by the leasing agents and/or property managers for the comparable rentals. For the subject's commercial office space I have used a rate equal to 6.0 percent for new leases and 3.0 percent for renewals.

#### Renewal Probability

The renewal probability incorporated within the market leasing assumptions has been estimated at 70 percent. This rate is considered reasonable based on the rent comparable data and my survey of market participants.



**Rancho Conejo I and II Income Approach**

Downtime Between Leases

Based on our concluded market lease terms, we have estimated lag vacancy at twelve months for all tenants.

Occupancy Assumptions

The occupancy rate over the holding period is based on the subject’s estimated stabilized occupancy rate and estimated lease-up period to achieve a stabilized occupancy position.

Vacancy, Credit Loss and Absorption

The subject’s estimated stabilized occupancy rate was previously discussed in the market analysis. In the discounted cash flow analysis, I have utilized a collection loss of 2.0 percent thru the entire holding period and downtime between leases to account for vacancy. The combination of downtime and collection loss results in an average deduction of approximately 8.5 percent over the holding period, slightly below by static stabilized projection. The reversion is “grossed up” to my stabilized 90.0 percent occupancy.

**Financial Assumptions**

Discount Rate Analysis

Table 13 LOS ANGELES OFFICE MARKET Second Quarter 2013					
	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
<b>DISCOUNT RATE (IRR)<sup>a</sup></b>					
Range	5.75% – 10.00%	6.00% – 10.00%	6.50% – 11.00%	7.00% – 12.00%	6.75% – 12.00%
Average	7.82%	7.96%	8.22%	9.15%	8.46%
Change (Basis Points)		- 14	- 40	- 133	- 64

The most recent Korpacz Investor Survey indicates a range of discount rates for Los Angeles office properties to be from 5.75 percent to 10.00 percent, with an average of 7.82 percent.

The brokers we discussed the subject with indicated that it would capture below average interest from prospective buyers if brought to market today for the following reasons: 1) the larger size of the asset; and, 2) the current market conditions.

Considering the above, and noting the above-market rent that is in place, I have used a discount rate of 10.50 percent for the discounted cash flow analysis.

Terminal Capitalization Rate

The reversionary value of the subject is based on an assumed sale at the end of the holding period based on capitalizing the Year 11 NOI at a terminal capitalization rate. Typically, for properties similar to the subject, terminal capitalization rates are 50 to 100 basis points higher than going-in capitalization rates (OARs). This is a result of the



uncertainty of future economic conditions and the natural aging of the property, however it is my opinion that at the time of the reversion that market conditions, in this area, will have improved that a higher terminal capitalization rate is not necessary.

In the case of the subject, we have used a load factor equal to our “market” going-in rate of 8.0 percent to be appropriate.

### **Discounted Cash Flow Conclusions**

The DCF schedules and value conclusions are depicted on the following page(s).



Schedule Of Prospective Cash Flow  
 In Inflated Dollars for the Fiscal Year Beginning 7/1/2013

For the Years Ending	Year 1 Jun-2014	Year 2 Jun-2015	Year 3 Jun-2016	Year 4 Jun-2017	Year 5 Jun-2018	Year 6 Jun-2019	Year 7 Jun-2020	Year 8 Jun-2021	Year 9 Jun-2022	Year 10 Jun-2023	Year 11 Jun-2024
Potential Gross Revenue											
Base Rental Revenue	\$2,379,725	\$2,417,256	\$2,476,513	\$2,274,558	\$2,159,851	\$2,198,311	\$2,226,233	\$2,239,296	\$2,262,990	\$2,359,461	\$2,396,113
Absorption & Turnover Vacancy	(443,224)	(172,719)		(148,766)	(105,354)	(277,851)	(177,580)	(31,814)	(172,460)	(122,135)	(109,859)
Base Rent Abatements	(113,574)	(151,249)	(79,270)	(178,204)	(118,380)	(121,856)	(235,942)	(52,258)		(224,826)	(28,483)
Scheduled Base Rental Revenue	1,822,927	2,093,288	2,397,243	1,947,588	1,936,117	1,798,604	1,812,711	2,155,224	2,090,530	2,012,500	2,257,771
CPI & Other Adjustment Revenue				833	6,154	26,882	55,135	108,266	154,045	140,433	175,114
Expense Reimbursement Revenue											
Taxes		4,342	9,428	8,423	9,529	9,828	5,713	10,712	12,722	9,545	13,997
Insurance		522	1,132	1,008	1,140	1,178	686	1,285	1,526	1,145	1,679
Utilities		5,735	12,446	11,121	12,574	12,968	7,540	14,143	16,794	12,602	18,474
Repairs & Maintenance		4,693	10,178	9,097	10,289	10,611	6,171	11,570	13,739	10,310	15,113
Admin/ Cleaning		6,079	13,196	11,796	13,336	13,759	8,000	14,999	17,813	13,361	19,590
Management		2,097	5,120	3,613	3,968	3,742	2,133	4,756	5,462	3,790	6,146
Total Reimbursement Revenue		23,468	51,500	45,058	50,836	52,086	30,243	57,465	68,056	50,753	74,999
Total Potential Gross Revenue	1,822,927	2,116,756	2,448,743	1,993,479	1,993,107	1,877,572	1,898,089	2,320,955	2,312,631	2,203,686	2,507,884
Collection Loss	(36,459)	(42,335)	(48,975)	(39,870)	(39,862)	(37,551)	(37,962)	(46,419)	(46,253)	(44,074)	(50,158)
Effective Gross Revenue	1,786,468	2,074,421	2,399,768	1,953,609	1,953,245	1,840,021	1,860,127	2,274,536	2,266,378	2,159,612	2,457,726
Operating Expenses											
Taxes	125,000	128,750	132,612	136,591	140,689	144,909	149,257	153,734	158,346	163,097	167,990
Insurance	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159
Utilities	165,000	169,950	175,049	180,300	185,709	191,280	197,019	202,929	209,017	215,288	221,746
Repairs & Maintenance	135,000	139,050	143,222	147,518	151,944	156,502	161,197	166,033	171,014	176,144	181,429
Admin/ Cleaning	175,000	180,250	185,658	191,227	196,964	202,873	208,959	215,228	221,685	228,335	235,185
Management	53,594	62,233	71,993	58,608	58,597	55,201	55,804	68,236	67,991	64,788	73,732
Total Operating Expenses	668,594	695,683	724,448	730,635	750,786	768,154	790,147	824,608	847,055	867,224	900,241
Net Operating Income	1,117,874	1,378,738	1,675,320	1,222,974	1,202,459	1,071,867	1,069,980	1,449,928	1,419,323	1,292,388	1,557,485
Leasing & Capital Costs											
Tenant Improvements	209,454	229,404	30,902	191,270	124,669	159,284	370,971	68,946		372,912	75,341
Leasing Commissions	95,372	107,584	14,781	82,676	58,551	74,809	166,414	32,381		166,596	35,384
Reserves	31,837	32,792	33,776	34,789	35,833	36,908	38,015	39,156	40,330	41,540	42,787
Total Leasing & Capital Costs	336,663	369,780	79,459	308,735	219,053	271,001	575,400	140,483	40,330	581,048	153,512
Cash Flow Before Debt Service & Taxes	\$781,211	\$1,008,958	\$1,595,861	\$914,239	\$983,406	\$800,866	\$494,580	\$1,309,445	\$1,378,993	\$711,340	\$1,403,973



Resale - Cap Rate Matrix  
Cash Flow Before Debt Service plus Property Resale in Year 10, Jun-2023  
Discounted Annually (Endpoint on Cash Flow & Resale)

<u>For the Cap Rates</u>	<u>Net Proceeds From Sale</u>	<u>P.V. of Property @ 10.00%</u>	<u>P.V. of Property @ 10.25%</u>	<u>P.V. of Property @ 10.50%</u>	<u>P.V. of Property @ 10.75%</u>	<u>P.V. of Property @ 11.00%</u>
7.50%	\$19,240,733	\$13,572,037	\$13,340,376	\$13,113,886	\$12,892,436	\$12,675,897
7.75%	18,620,064	13,332,743	13,106,452	12,885,201	12,668,862	12,457,308
8.00%	18,038,187	13,108,404	12,887,149	12,670,809	12,459,260	12,252,379
8.25%	17,491,575	12,897,661	12,681,137	12,469,411	12,262,362	12,059,871
8.50%	16,977,117	12,699,316	12,487,243	12,279,860	12,077,046	11,878,687

**Discounted Cash Flow Analysis Conclusion**

Based on the estimated income, expenses, terminal capitalization and discount rate, the indicated value is \$12,670,000.

***Conclusion Of Income Capitalization Approach***

Based on the above analysis detailed above, as of July 15, 2013 I have reconciled to an income approach value of:

**VALUE INDICATIONS**

Direct Capitalization	\$12,800,000
Discounted Cash Flow	\$12,670,000
<b>Reconciled Value</b>	<b>\$12,700,000</b>

Source: Peregrine Realty Partners, Inc.



## Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

### **Value Indications**

<b>Sales Comparison Approach:</b>	\$13,300,000
<b>Income Approach:</b>	
<b>Direct Capitalization</b>	\$12,800,000
<b>Discounted Cash Flow</b>	\$12,670,000

### **Sales Comparison Approach**

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered somewhat comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. However, market participants are currently analyzing purchase prices on investment properties as they relate to available substitutes in the market. Therefore, while the sales comparison approach is considered to provide a reliable value indication, it has been given secondary emphasis in the final value reconciliation.

### **Income Approach**

The income capitalization approach is applicable to the subject since it is an income producing property leased in the open market. Market participants are primarily analyzing properties based on their income generating capability. Therefore, the income capitalization approach is considered a reasonable and substantiated value indicator and has been given primary emphasis in the final value estimate.

### **Value Conclusion**

Based on the data and analyses developed in this appraisal, I have reconciled to the following value conclusion(s), as of July 15, 2013, subject to the Limiting Conditions and Assumptions of this appraisal.

**Reconciled Value(s):** Premise: As Is  
Interest: Leased Fee  
Value Conclusion: \$12,800,000  
Twelve Million Eight Hundred Thousand Dollars



## **Certification Statement**

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective future interest in the property that is the subject of this report, and have 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 is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- I certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.
- Bradley Lofgren has made an inspection of the subject property.

Bradley Lofgren, MAI  
California-AG022415



## Limiting Conditions and Assumptions

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to total that would adversely affect marketability or value. Peregrine Realty Partners Inc. is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. Peregrine Realty Partners Inc., however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject property's title should be sought from a qualified title company that issues or insures title to real property.
2. It is assumed that improvements have been constructed or will be constructed according to approved architectural plans and specifications and in conformance with recommendations contained in or based upon any soils report(s).

Unless otherwise specifically noted in the body of this report, it is assumed: that any existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are, or will be upon completion, in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that it or they will withstand any known elements such as windstorm, hurricane, tornado, flooding, earthquake, or similar natural occurrences; and, that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. Peregrine Realty Partners Inc. professionals are not engineers and are not competent to judge matters of an engineering nature. Peregrine Realty Partners Inc. has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of Peregrine Realty Partners Inc. by ownership or management; Peregrine Realty Partners Inc. inspected less than 100% of the entire interior and exterior portions of the improvements; and Peregrine Realty Partners Inc. was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or



if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, Peregrine Realty Partners Inc. reserves the right to amend the appraisal conclusions reported herein.

3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. Peregrine Realty Partners Inc. has no knowledge of the existence of such materials on or in the property. Peregrine Realty Partners Inc., however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

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



addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify Peregrine Realty Partners Inc. of any questions or errors.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions, which occur subsequent to the date of the appraisal. However, Peregrine Realty Partners Inc. will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. Peregrine Realty Partners Inc. assumes no private deed restrictions, limiting the use of the subject property in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. Peregrine Realty Partners Inc. is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. Peregrine Realty Partners Inc. does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of Peregrine Realty Partners Inc.
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of Peregrine Realty Partners Inc. to buy, sell, or hold the properties at the value stated. Such decisions



involve substantial investment strategy questions and must be specifically addressed in consultation form.

13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
14. This study may not be duplicated in whole or in part without the specific written consent of Peregrine Realty Partners Inc. nor may this report or copies hereof be transmitted to third parties without said consent, which consent Peregrine Realty Partners Inc. reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of Peregrine Realty Partners Inc. which consent Peregrine Realty Partners Inc. reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. Peregrine Realty Partners Inc. shall have no accountability or responsibility to any such third party.
15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
18. No opinion is intended to be expressed on matters, which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real





estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to Peregrine Realty Partners Inc. unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. Peregrine Realty Partners Inc. assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor Peregrine Realty Partners Inc. assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
20. Peregrine Realty Partners Inc. assumes that the subject property analyzed herein will be under prudent and competent management and ownership; either inefficient or super-efficient.
21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
23. The *Americans with Disabilities Act* (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, Peregrine Realty Partners Inc. has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since Peregrine Realty Partners Inc. has no specific information relating to this issue, nor is Peregrine Realty Partners Inc. qualified to make such an assessment, the effect of any possible non-compliance with the



requirements of the ADA was not considered in estimating the value of the subject property.

24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client proximately result in damage to Appraiser. The Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover from the other reasonable attorney fees and costs.
25. The report is for the sole use of the client; however, client may provide only complete, final copies of the appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Appraiser is not required to explain or testify as to appraisal results other than to respond to the client for routine and customary questions. Please note that our consent to allow an appraisal report prepared by Peregrine Realty Partners Inc. or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.



**Addenda**



**Rancho Conejo I and II** **Legal Description**

*Legal Description*





# Chicago Title Insurance Company

POLICY NO.: CACTI7756-7756-5680-0068000697-CTIC-2006-04

## OWNER'S POLICY OF TITLE INSURANCE



*SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:*


1. *Title to the estate or interest described in Schedule A being vested other than as stated therein;*
2. *Any defect in or lien or encumbrance on the title;*
3. *Unmarketability of the title;*
4. *Lack of a right of access to and from the land;*

*The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.*

*IN WITNESS WHEREOF, CHICAGO TITLE INSURANCE COMPANY has caused this policy to be signed and sealed by its duly authorized officers.*

  
Countersigned

**Chicago Title Insurance Company**  
BY  President  
ATTEST  Secretary



**SCHEDULE A**

Policy No.: CACTI7756-7756-5680-0068000697-CTIC-2006-04

Amount of Insurance: \$ 35,037,500.00  
Premium Amount: \$ 20,718.75

Date of Policy: November 17, 2006 at 08:00 AM

1. Name of Insured:

**ARI-Rancho Conejo I & II, LLC, a Delaware limited liability company**

2. The estate or interest in the land which is covered by this policy is:

A FEE as to Parcel(s) A and B;  
AN EASEMENT more fully described below as to Parcel(s) C

3. Title to the estate or interest in the land is vested in:

ARI-Rancho Conejo I & II, LLC, a Delaware limited liability company

4. The land referred to in this policy is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

**THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED**

**LEGAL DESCRIPTION**

**EXHIBIT "A"**

Parcel A:

Those portions of Parcels 2, 3 and 4 of Parcel Map No. L.D. 658, in the City of Thousand Oaks, County of Ventura, State of California, as per Map recorded in Book 56, Page 38 of Parcel Maps, in the office of the County Recorder of said County, shown and delineated as Parcel 3A on Lot Line Adjustment No. 2000-370, recorded February 28, 2001, as Document No. 2001-34510 of Official Records.

EXCEPT an undivided one-half interest of all oil, gas and other hydrocarbon substances in, under and upon said land, without the right to drill, dig or mine through the surface of the land therefore, and without the right to enter or encroach upon any portion of said land lying within 500 feet of the surface as excepted by Adolph I. Friedrich, Jr., et al., by deed recorded January 30, 1958, in Book 1586, Page 229 of Official Records.

ALSO EXCEPT an undivided one-half interest of all oil, gas and other hydrocarbon substances in, under and upon said land without the right to drill, dig or mine through the surface of the land therefore, and without the right to enter or encroach upon any portion of said land lying within 500 feet of the surface, as granted to the Rockwood Company, in deed recorded February 24, 1958, in Book 1592, Page 511 of Official Records.

Parcel B:

Those portions of Parcels 2, 3 and 4 of Parcel Map No. L.D. 658, in the City of Thousand Oaks, County of Ventura, State of California, as per Map recorded in Book 56, Page 38 of Parcel Maps, in the office of the County Recorder of said County, shown and delineated as Parcel 4A on Lot Line Adjustment 2000-370, recorded February 28, 2001, as Document No. 2001-34510 of Official Records.

EXCEPT an undivided one-half interest of all oil, gas and other hydrocarbon substances in, under and upon said land, without the right to drill, dig or mine through the surface of the land therefore, and without the right to enter or encroach upon any portion of said land lying within 500 feet of the surface as excepted by Adolph I. Friedrich, Jr., et al., by deed recorded January 30, 1958, in Book 1586, Page 229 of Official Records.

ALSO EXCEPT an undivided one-half interest of all oil, gas and other hydrocarbon substances in, under and upon said land without the right to drill, dig or mine through the surface of the land therefore, and without the right to enter or encroach upon any portion of said land lying within 500 feet of the surface, as granted to the Rockwood Company, in deed recorded February 24, 1958, in Book 1592, Page 511 of Official Records.

Parcel C:

Non-exclusive easements, licenses, rights and privileges for ingress and egress, and utility facilities, as set forth in the Declaration of Covenants, Conditions and Restrictions dated March 18, 2002, recorded April 1, 2002, as Document No. 2002- 76976 of Official Records.

APN: 667-360-015,025,045,075 & 085

**SCHEDULE B**

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

- 1. Property taxes**, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2006-2007, Assessor's Parcel Number 667-360-085.

Code Area Number: 008488  
1st Installment: \$787.47 (Paid)  
2nd Installment: \$787.47 (Not Paid)  
Land: \$72,943.00  
Improvements: \$32,317.00  
Exemption: None  
Personal Property: None  
Bill No.: 253373

Affects: A portion of Parcel A

- 2. Property taxes**, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2006-2007, Assessor's Parcel Number 667-360-075.

Code Area Number: 008488  
1st Installment: \$332.10 (Paid)  
2nd Installment: \$332.10 (Not Paid)  
Land: \$11,187.00  
Improvements: \$7,061.00  
Exemption: None  
Personal Property: None  
Bill No.: 253372

Affects: A portion of Parcel B

- 3. Property taxes**, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2006-2007, Assessor's Parcel Number 667-360-015.

Code Area Number: 008444  
1st Installment: \$65.02 (Paid)  
2nd Installment: \$65.02 (Not Paid)  
Land: \$8,026.00  
Improvements: \$0.00  
Exemption: None  
Personal Property: None  
Bill No.: 251694



Affects: A portion of Parcel B

- 4. **Property taxes**, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2006-2007, Assessor's Parcel Number 667-360-045.

Code Area Number: 008488  
1st Installment: \$44,755.32 (Paid)  
2nd Installment: \$44,755.32 (Not Paid)  
Land: \$1,435,801.00  
Improvements: \$6,800,284.00  
Exemption: None  
Personal Property: None  
Bill No.: 253370

Affects: A portion of Parcel A

- 5. **Property taxes**, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2006-2007, Assessor's Parcel Number 667-360-025.

Code Area Number: 008488  
1st Installment: \$29,264.02 (Paid)  
2nd Installment: \$29,264.02 (Not Paid)  
Land: \$1,246,966.00  
Improvements: \$3,937,087.00  
Exemption: None  
Personal Property: None  
Bill No.: 253368

Affects: A portion of Parcel B

- 6. **The lien of supplemental taxes**, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation code of the State of California.

- 7. **A covenant and agreement** entitled "Development Agreement No. RCA 92-18 for the Rancho Conejo Industrial Park (Specific Plan No. 15)"

Executed by: Northrop Corporation and the City of Thousand Oaks  
In favor of: City of Thousand Oaks  
Recorded: July 22, 1992, Instrument No. 92-128642, of Official Records

Reference is hereby made to said document for full particulars.

Said matter affects: This land and other land

- 8. Easement(s)** for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication, on the Parcel Map LD 658 Book 56, Page 38 Parcel Maps .

Purpose: Public service  
Affects: A portion of Parcel B

Purpose: Wastewater pipelines  
Affects: A portion of Parcel A and B

Purpose: Proposed ingress and egress  
Affects: A portion of Parcel B

Purpose: Ingress and egress to the City of Thousand Oaks  
Affects: A portion of Parcel A and B

"as shown on a survey dated September 12, 2006, last revised October 16, 2006, prepared by JRN Civil Engineers, Daniel S. Cook, California LS No. 4964".

- 9. Matters** contained in that certain document entitled "Easement Agreement " dated December 19, 1996, executed by Northrop Grumman Corporation recorded January 24, 1997, Instrument No. 97-10192, of Official Records.

Reference is hereby made to said document for full particulars.

"as shown on a survey dated September 12, 2006, last revised October 16, 2006, prepared by JRN Civil Engineers, Daniel S. Cook, California LS No. 4964".

- 10. Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Northrop Grumman  
Purpose: Access to perform remediation of hazardous materials conditions  
Recorded: July 28, 1998, Instrument No. 98-124200, of Official Records

The exact location and extent of said easement is not disclosed of record.

- 11. Matters** contained in a document entitled Environmental Indemnity Agreement, recorded July 28, 1998, as Document No. 98-124201 of Official Records.

Assignment and Assumption of Environmental Indemnity Agreement, executed by Conejo Spectrum Building Associates, LLC, a Delaware limited liability company and FPA Rancho Conejo Associates, L.P., a California limited partnership, recorded July 20, 2005, as Document No. 20050720-177523 of Official Records.

Assignment and Assumption of Environmental Indemnity Agreement, executed by FPA Rancho Conejo Associates, L.P., a California limited partnership and ARI-Rancho Conejo I & II, LLC, a Delaware limited liability company, recorded November 22, 2006, as Document No. 20061122-247089 of Official Records.

Assignment and Assumption of Environmental Indemnity Agreement, executed by ARI-Rancho Conejo I & II, LLC, a Delaware limited liability company and Countrywide Commercial Real Estate Finance, Inc., recorded November 22, 2006, as Document No. 20061122-247090 of Official Records.

Assignment and Assumption of Environmental Indemnity Agreement, executed by ARI-Rancho Conejo I & II, LLC, a Delaware limited liability company; Countrywide Commercial Real Estate Finance, Inc.; and (Second Purchaser), recorded November 22, 2006, as Document No. 20061122-247091 of Official Records.

Assignment and Assumption of Environmental Indemnity Agreement, executed by ARI-Rancho Conejo I & II, LLC, a Delaware limited liability company; Countrywide Commercial Real Estate Finance, Inc.; and (Various Other Parties), recorded November 22, 2006, as Document No. 20061122-247092; as Document No. 20061122-247093; as Document No. 20061122-247094; as Document No. 20061122-247095; as Document No. 20061122-247096; as Document No. 20061122-247097; as Document No. 20061122-247098; and as Document No. 20061122-247099 all of Official Records.

**12. Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Southern California Edison Company  
Purpose: Public utilities  
Recorded: August 22, 2000, Instrument No. 2000-135253, of Official Records  
Affects: A portion of said land

A document entitled "Consent to Build Encroachment" upon the terms, conditions and provisions contained therein, recorded February 9, 2004, as Document No. 20040209-31017 of Official Records.

"as shown on a survey dated September 12, 2006, last revised October 16, 2006, prepared by JRN Civil Engineers, Daniel S. Cook, California LS No. 4964"

**13. Terms and Conditions of the Declaration of Covenants, Conditions and Restrictions** in the declaration of restrictions but omitting any covenants or restrictions, if any, including, but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law.

Recorded: April 1, 2002, Instrument No. 2002-76976, of Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

Said instrument also provides for the levy of assessments, the lien of which are stated to be subordinate to the lien of a first mortgage or first deed of trust made in good faith and for value.

Among other things, said document provides:

Easements or other rights for vehicular ingress and egress over the driveways and parking areas, access easement for pedestrian ingress and egress over all walkways, and an access easement for ingress and egress for the maintenance of landscaping and irrigation systems affecting a portion of said land.

"as shown on a survey dated September 12, 2006, last revised October 16, 2006, prepared by JRN Civil Engineers, Daniel S. Cook, California LS No. 4964".

**14. Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to:	Southern California Edison Company
Purpose:	Public utilities
Recorded:	December 6, 2004, Instrument No. 20041206-323171, of Official Records
Affects:	A strip of land 28 feet in width, lying within Parcel B (Parcel 4A)

Restrictions on the use, by the owners of said land, of the easement area as set forth in the easement document shown hereinabove.

Reference is made to said document for full particulars.

"as shown on a survey dated September 12, 2006, last revised October 16, 2006, prepared by JRN Civil Engineers, Daniel S. Cook, California LS No. 4964".

**15. Water rights, claims or title to water**, whether or not disclosed by the public records.

**16. Any facts, rights, interests, or claims** which may exist or arise by reason of the following facts disclosed by survey, Job No. 8849, dated September 12, 2006 last revised October 16, 2006 prepared by JRN Civil Engineers:

(a) The fact that the building located at 1525 Rancho Conejo Boulevard encroach onto the easement shown in Parcel Map LD 658 Book 56, Page 38 Parcel Maps

(b) Any easement or lesser rights, for the purposes herein stated, including incidental purposes for power poles, overhead electric lines and guy anchors

Said matter affects: The Northwesterly property line

(c) The fact that the greenhouse attachment to the building located at 1535 Rancho Conejo Boulevard encroach onto the easement shown in Parcel Map LD 658 Book 56, Page 38 Parcel Maps encroachment was permitted by document recorded February 9, 2004, as Document No. 2040209-31017 of Official Records

**17. A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount: \$23,437,500.00  
Dated: November 17, 2006  
Trustor: ARI-Rancho Conejo I & II, LLC, a Delaware limited liability company  
Trustee: Chicago Title Company  
Beneficiary: Countrywide Commercial Real Estate Finance, Inc.  
Loan No.:  
Recorded: November 17, 2006, Instrument No. 20061117-243917, of Official Records

**18. An assignment** of all moneys due, or to become due as rental or otherwise from said land, to secure payment of an indebtedness, shown below and upon the terms and conditions therein

Amount: \$23,437,500.00  
Assigned to: Countrywide Commercial Real Estate Finance, Inc.  
By: ARI-Rancho Conejo I & II, LLC, a Delaware limited liability company  
Recorded: November 17, 2006, Instrument No. 20061117-243918, of Official Records

**19. A financing statement** filed in the Office of the County Recorder, showing

Debtor: ARI-Rancho Conejo I & II, LLC, a Delaware limited liability company  
Secured Party: Countrywide Commercial Real Estate Finance, Inc.  
Date: None Shown  
Recorded: November 17, 2006, Instrument No. 20061117-243919, of Official Records

**20.** Rights of tenants, as tenants only, under unrecorded unexpired leases, with no Options or Rights to Purchase, as shown in the rent roll attached hereto.

**END OF SCHEDULE B**



ENDORSEMENT

Attached to Policy No. CACTI7756-7756-5680-0068000697-CTIC-2006-04

Issued by  
Chicago Title Insurance Company

Dated as of the date of the policy to which this endorsement is attached.

The Company hereby insures against loss which the Insured shall sustain by reason of any incorrectness in the following assurances:

- (1) That there are no covenants, conditions or restrictions containing express provisions which will cause a forfeiture or reversion of title, unless same also provide that a violation thereof shall not defeat the lien of a mortgage or deed of trust made in good faith and for value;
- (2) That there are no present violations on said land of any enforceable covenants, conditions or restrictions;
- (3) That, except as shown in Schedule B, there are no encroachments onto said land of buildings, structures or improvements located on adjoining land; and
- (4) That there is no right to use the surface of the land for the extraction or development of the minerals excepted from the description of said land or shown as a reservation in Schedule B.

Wherever in this endorsement any or all of the words "covenants, conditions or restrictions" appear, they shall not be deemed to refer to or include the terms, covenants and conditions contained in any lease.

As used in this endorsement, the words "covenants, conditions or restrictions" do not refer to or include any covenant, condition or restriction (a) relating to obligations of any type to perform maintenance, repair or remediation on the land, or (b) pertaining to environmental protection of any kind or nature, including hazardous or toxic matters, conditions or substances except to the extent that a notice of a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy and is not excepted in Schedule B.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

Dated: November 17, 2006



Chicago Title Insurance  
Company

*[Handwritten Signature]*  
Countersigned

ENDORSEMENT

Attached to Policy No. CACTI7756-7756-5680-0068000697-CTIC-2006-04

Issued by

Chicago Title Insurance Company

The Company hereby insures the owner of the indebtedness secured by the mortgage referred to in paragraph of Schedule against loss which the insured shall sustain in the event that the owner of the easement referred to in paragraph 8, 16 (a), (c) of Schedule B shall, for the purpose of compel the removal of any portion of the improvements on the land which encroach upon said easement.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated: November 17, 2006



Chicago Title Insurance  
Company

  
Countersigned



ENDORSEMENT

Attached to Policy No. CACTI7756-7756-5680-0068000697-CTIC-2006-04

Issued by  
Chicago Title Insurance Company

The Company hereby insures the insured against loss or damage which the insured shall sustain by reason of the failure of the land to abut upon a physically open street known as Rancho Conejo Boulevard.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated: November 17, 2006



Chicago Title Insurance  
Company

  
Countersigned

ENDORSEMENT

Attached to Policy No. CACTI7756-7756-5680-0068000697-CTIC-2006-04

Issued by

Chicago Title Insurance Company

The Company hereby insures the insured against loss or damage that the insured shall sustain by reason of the failure of the land to be the same as that delineated on the plat of a survey made by JRN Civil Engineers, dated September 12, 2006, Last Revised October 16, 2006, Job No. 8849.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated: November 17, 2006



Chicago Title Insurance  
Company

  
Countersigned

ENDORSEMENT

Attached to Policy No. CACTI7756-7756-5680-0068000697-CTIC-2006-04

Issued by  
Chicago Title Insurance Company

The Company hereby insures the insured against loss or damage which the insured shall sustain by reason of the failure of the land described as Parcel(s) A & B in Schedule A to constitute a lawfully created parcel according to the Subdivision Map Act (Section 66410, et seq., of the California Government Code) and local ordinances adopted pursuant thereto.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated: November 17, 2006



Chicago Title Insurance  
Company

  
Countersigned

ENDORSEMENT

Attached to Policy No. CACTI7756-7756-5680-0068000697-CTIC-2006-04

Issued by  
Chicago Title Insurance Company

Dated as of the date of the policy to which this endorsement is attached.

The Company insures the Insured against loss sustained by reason of:

1. the land described in Schedule A being identified other than as Tax Assessor's Parcel Number(s): 667-360-015, 025, 045, 075 and 085
2. said Tax Assessor Parcel Number(s) being pertinent to any additional land and not exclusive to the aforesaid land,
3. the existence of any Tax Assessor Parcel Number(s), other than as stated above, being pertinent to the land described in Schedule A.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

Dated: November 17, 2006



Chicago Title Insurance  
Company

  
Countersigned

ENDORSEMENT

Attached to Policy No. CACTI7756-7756-5680-0068000697-CTIC-2006-04

Issued by

Chicago Title Insurance Company

The Company insures against loss or damage sustained by the insured by reason of:

- (1) the failure of the Land to be contiguous along its Common Boundaries boundary line to ; or
- (2) the presence of any gaps, strips or gores separating the contiguous boundary line described above.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

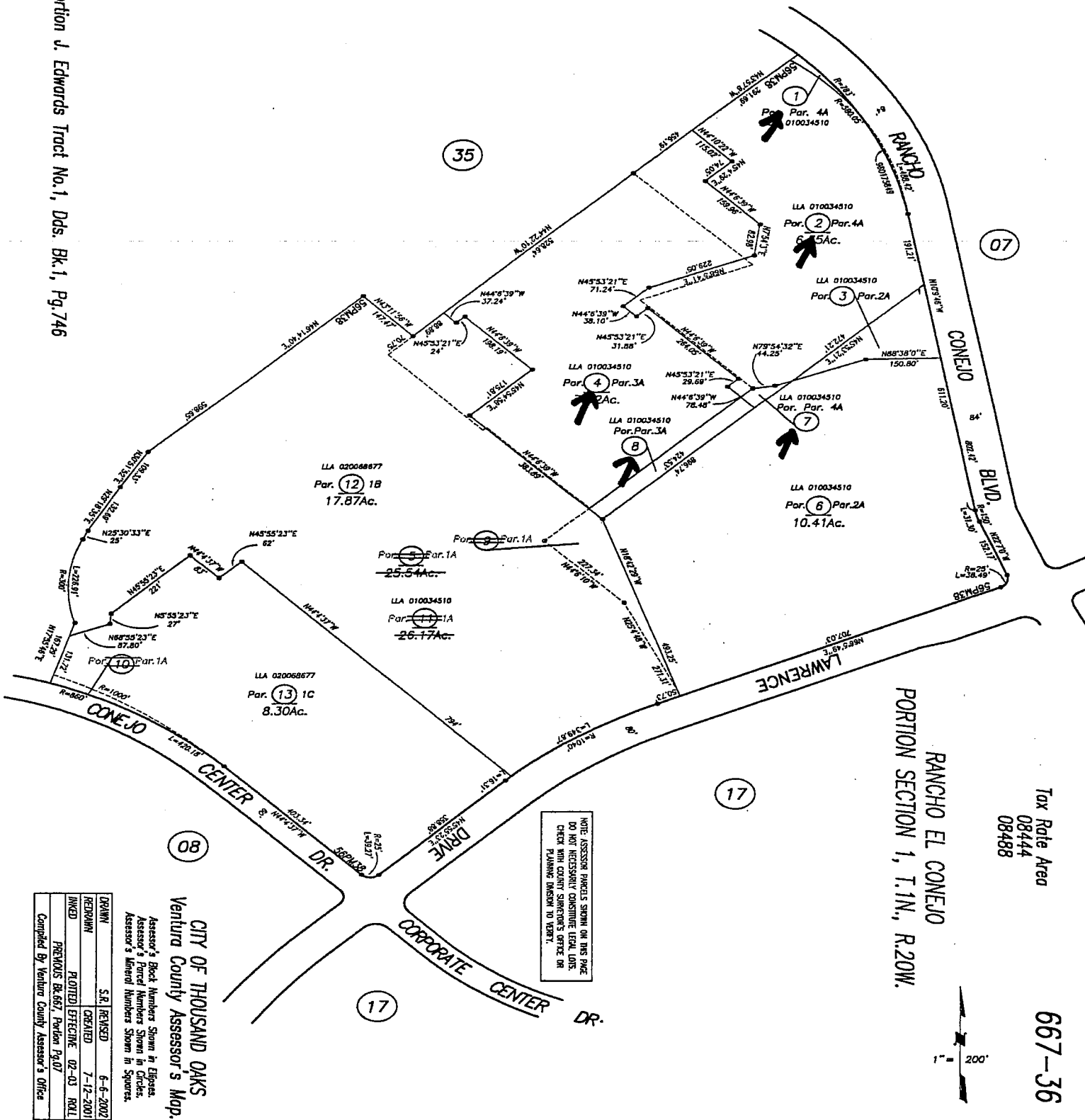
Dated: November 17, 2006



Chicago Title Insurance  
Company

  
Countersigned

Portion J. Edwards Tract No. 1, Dds. Bk. 1, Pg. 746



Tax Rate Area  
08444  
08488

667-36

RANCHO EL CONEJO  
PORTION SECTION 1, T.1N., R.20W.

CITY OF THOUSAND OAKS  
Ventura County Assessor's Map.

Assessor's Block Numbers Shown in Ellipses.  
Assessor's Parcel Numbers Shown in Circles.  
Assessor's Aerial Numbers Shown in Squares.

DRAWN	S.R. REVISED	6-6-2002
REDRAWN	CREATED	7-12-2001
LINKED	PLOTTED EFFECTIVE	02-03 2001
PREVIOUS BK. 667, Parcel Pg. 07		
Compiled By Ventura County Assessor's Office		

Roll-Year 03-04 BK. 667, PG. 36 REVISION LOG						
DATE	REFERENCE DOC.	Code	EXPLANATION	VOID A.P.N.(s)	RESIDUAL A.P.N.(s)	NEW A.P.N.(s)
8/8/02	020068677	LOT LINE ADJUSTMENT	SPLIT	667-0-360-115		667-0-360-125,-135

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the Insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

## CONDITIONS AND STIPULATIONS

### 1. DEFINITION OF TERMS

The following terms when used in this policy mean.

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.

(b) "insured claimant": an insured claiming loss or damage.

(c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(d) "land": the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a)(iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.

(g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

### 2. CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured

in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

### 3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

### 4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its own choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

### 5. PROOF OF LOSS OR DAMAGE

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the

loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in the above paragraph shall terminate any liability of the Company under this policy as to that claim.

#### 6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

##### (a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make the payment required, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

##### (b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

#### 7. DETERMINATION, EXTENT OF LIABILITY AND COINSURANCE

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

- (i) the Amount of Insurance stated in Schedule A; or,
- (ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the Amount of Insurance stated in Schedule A at the Date of Policy is less than 80 percent of the value of the insured estate or interest or the full consideration paid for the estate or interest, whichever is less, or if subsequent to the Date of Policy an improvement is erected on the land which increases the value of the insured estate or interest by at least 20 percent over the Amount of Insurance stated in Schedule A, then this Policy is subject to the following:

(i) where no subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that the amount of insurance at Date of Policy bears to the total value of the estate or interest at Date of Policy; or

as to any partial loss, the Company shall only pay the loss pro rata in the proportion that 120 percent of the Amount of Insurance stated in Schedule A bears to the sum of the Amount of Insurance stated in Schedule A and the amount expended for the improvement.

The provisions of this paragraph shall not apply to costs, attorneys' fees and expenses for which the Company is liable under this policy, and shall only apply to that portion of any loss which exceeds, in the aggregate, 10 percent of the Amount of Insurance stated in Schedule A.

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

#### 8. APPORTIONMENT

If the land described in Schedule A consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the amount of insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

#### 9. LIMITATION OF LIABILITY

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title or otherwise establishes the lien of the insured mortgage, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

#### 10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

#### 11. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

#### 12. PAYMENT OF LOSS

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

#### 13. SUBROGATION UPON PAYMENT OR SETTLEMENT

##### (a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies

against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to these rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

##### (b) The Company's Rights Against Non-insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

#### 14. ARBITRATION

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

#### 15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

#### 16. SEVERABILITY

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

#### 17. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company at:

FNF - Southwest Claims Center  
17911 Von Karman Avenue, Suite 300  
Irvine, CA 92614  
Attn: Claims Administration



**Rancho Conejo I and II Improved Sale Data Sheets**

*Improved Sale Data Sheets*



**Rancho Conejo I and II Improved Sale Data Sheets**

**Comparable 1**



**Transaction**

<b>ID</b>	1841	<b>Date</b>	7/15/13
<b>Address</b>	2001 Corporate Center Dr.	<b>Price</b>	\$6,750,000
<b>City</b>	Thousand Oaks	<b>Price Per SF</b>	\$134.70
<b>State</b>	CA	<b>Transaction Type</b>	Listing
<b>Tax ID</b>	667-0-171-055	<b>Financing</b>	na
<b>Grantor</b>	na	<b>Property Rights</b>	Fee Simple
<b>Grantee</b>	na	<b>Days on Market</b>	334
<b>Legal Description</b>	na		

**Site**

<b>Acres</b>	2.9	<b>Topography</b>	Sloping
<b>Land SF</b>	126,324	<b>Zoning</b>	M-1
<b>Topography</b>	Sloping	<b>Flood Zone</b>	X
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	na
<b>Utilities</b>	Electricity, public water, and	<b>Environmental Issues</b>	na

**Improvements & Financial Data**

<b>Source For SF Area</b>	--	<b>PGI</b>	--
<b>Rentable Area</b>	50,112	<b>EGI</b>	--
<b>No. of Units</b>	--	<b>Expense Ratio</b>	--
<b>Year Built</b>	1986	<b>NOI</b>	--
<b>Renovations</b>	na	<b>Cap Rate</b>	--
<b>Condition</b>	Average	<b>EGIM</b>	--

**Comments**

This is the current listing of a 50,112-square-foot office building located at 2001 Corporate Center Drive in the city of Thousand Oaks. The improvements are two stories in height and were constructed in 1986. As of the date of sale, the property was 0 percent leased. The listing price was \$6,750,000, or \$134.70 per square foot of building area.



**Rancho Conejo I and II Improved Sale Data Sheets**

**Comparable 2**



**Transaction**

<b>ID</b>	1840	<b>Date</b>	7/15/13
<b>Address</b>	2300 Corporate Center Dr.	<b>Price</b>	\$13,000,000
<b>City</b>	Newbury Park	<b>Price Per SF</b>	\$147.62
<b>State</b>	CA	<b>Transaction Type</b>	Listing
<b>Tax ID</b>	667-0-172-045	<b>Financing</b>	na
<b>Grantor</b>	na	<b>Property Rights</b>	Fee Simple
<b>Grantee</b>	na	<b>Days on Market</b>	950
<b>Legal Description</b>	na		

**Site**

<b>Acres</b>	5.4	<b>Topography</b>	Sloping
<b>Land SF</b>	233,917	<b>Zoning</b>	M-1
<b>Topography</b>	Sloping	<b>Flood Zone</b>	X
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	na
<b>Utilities</b>	Electricity, public water, and	<b>Environmental Issues</b>	na

**Improvements & Financial Data**

<b>Source For SF Area</b>	--	<b>PGI</b>	--
<b>Rentable Area</b>	88,064	<b>EGI</b>	--
<b>No. of Units</b>	--	<b>Expense Ratio</b>	--
<b>Year Built</b>	1990	<b>NOI</b>	--
<b>Renovations</b>	na	<b>Cap Rate</b>	--
<b>Condition</b>	Average	<b>EGIM</b>	--

**Comments**

This listing is located at 2300 Corporate Center Drive in the community of Newbury Park, CA. The property has been on the market for 950 days with an asking price of \$13,000,000 or \$147.62 per square foot. At the time of this report, this comparable was 0 percent leased. The class B office building was constructed in 1990 and has 88,064 square feet of rentable office space on two floors. A broker familiar with this listing states that it has been vacant for about five years with little to no interest to purchase.



**Rancho Conejo I and II Improved Sale Data Sheets**

**Comparable 3**



**Transaction**

<b>ID</b>	1838	<b>Date</b>	12/20/12
<b>Address</b>	1445-1455 Lawrence Dr.	<b>Price</b>	\$14,776,131
<b>City</b>	Thousand Oaks	<b>Price Per SF</b>	\$118.14
<b>State</b>	CA	<b>Transaction Type</b>	Closed
<b>Tax ID</b>	667-0-360-135	<b>Financing</b>	Cash
<b>Grantor</b>	Western National Life	<b>Property Rights</b>	Leased Fee
<b>Grantee</b>	Baxter Healthcare Corp.	<b>Days on Market</b>	na
<b>Legal Description</b>	na		

**Site**

<b>Acres</b>	8.3	<b>Topography</b>	Sloping
<b>Land SF</b>	361,548	<b>Zoning</b>	M-1
<b>Topography</b>	Sloping	<b>Flood Zone</b>	X
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	na
<b>Utilities</b>	Electricity, public water, and	<b>Environmental Issues</b>	na

**Improvements & Financial Data**

<b>Source For SF Area</b>	--	<b>PGI</b>	--
<b>Rentable Area</b>	125,073	<b>EGI</b>	--
<b>No. of Units</b>	--	<b>Expense Ratio</b>	--
<b>Year Built</b>	2002	<b>NOI</b>	--
<b>Renovations</b>	na	<b>Cap Rate</b>	--
<b>Condition</b>	Average	<b>EGIM</b>	--

**Comments**

This is the December 2012 sale of a 125,073-square-foot multi-tenant office building located at 1445-1455 Lawrence Drive in the city of Thousand Oaks. The improvements are two stories in height and were constructed in 2002. As of the date of sale, the property was 74 percent leased. The sale price was \$14,776,131, or \$118.14 per square foot of building area. It was reported by a local broker that the buyer already occupied approximately 80,000 square feet in the property.



**Rancho Conejo I and II Improved Sale Data Sheets**

**Comparable 4**



**Transaction**

<b>ID</b>	1836	<b>Date</b>	9/11/12
<b>Address</b>	5187 Camino Ruiz	<b>Price</b>	\$12,600,000
<b>City</b>	Camarillo	<b>Price Per SF</b>	\$132.70
<b>State</b>	CA	<b>Transaction Type</b>	Closed
<b>Tax ID</b>	160-0-093-225	<b>Financing</b>	Cash
<b>Grantor</b>	Fubarco Production LLC	<b>Property Rights</b>	Leased Fee
<b>Grantee</b>	PEGH Investments LLC	<b>Days on Market</b>	137
<b>Legal Description</b>	na		

**Site**

<b>Acres</b>	5.0	<b>Topography</b>	Level
<b>Land SF</b>	217,800	<b>Zoning</b>	LM
<b>Topography</b>	Level	<b>Flood Zone</b>	X
<b>Shape</b>	Rectangular	<b>Encumbrance or Easement</b>	na
<b>Utilities</b>	Electricity, public water, and	<b>Environmental Issues</b>	--

**Improvements & Financial Data**

<b>Source For SF Area</b>	--	<b>PGI</b>	--
<b>Rentable Area</b>	94,950	<b>EGI</b>	--
<b>No. of Units</b>	--	<b>Expense Ratio</b>	--
<b>Year Built</b>	2003	<b>NOI</b>	\$1,078,732
<b>Renovations</b>	na	<b>Cap Rate</b>	8.56%
<b>Condition</b>	Average	<b>EGIM</b>	--

**Comments**

This is the September 2012 sale of a 94,950-square-foot R & D building located at 5187 Camino Ruiz in the city of Camarillo. The improvements are two stories in height and were constructed in 2003. As of the date of sale, the property was approximately 100 percent leased. The sale price was \$12,600,000, or \$132.70 per square foot of building area. The sale was conducted by a receiver although it was reported that receivership was unrelated to the building's performance and therefore no adjustments were made for conditions of sale. The cap rate was reported to be 8%.



**Rancho Conejo I and II Improved Sale Data Sheets**

**Comparable 5**



**Transaction**

<b>ID</b>	1847	<b>Date</b>	1/24/13
<b>Address</b>	555 Easy St.	<b>Price</b>	\$6,200,000
<b>City</b>	Simi Valley	<b>Price Per SF</b>	\$56.02
<b>State</b>	CA	<b>Transaction Type</b>	Closed
<b>Tax ID</b>	630-0-141-015	<b>Financing</b>	Cash
<b>Grantor</b>	JRH LLC	<b>Property Rights</b>	Leased Fee
<b>Grantee</b>	Michael & Daniel Seeman	<b>Days on Market</b>	na
<b>Legal Description</b>	na		

**Site**

<b>Acres</b>	5.3	<b>Topography</b>	Level
<b>Land SF</b>	232,175	<b>Zoning</b>	GI
<b>Topography</b>	Level	<b>Flood Zone</b>	X
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	na
<b>Utilities</b>	Electricity, public water, and	<b>Environmental Issues</b>	na

**Improvements & Financial Data**

<b>Source For SF Area</b>	--	<b>PGI</b>	--
<b>Rentable Area</b>	110,676	<b>EGI</b>	--
<b>No. of Units</b>	--	<b>Expense Ratio</b>	--
<b>Year Built</b>	1985	<b>NOI</b>	--
<b>Renovations</b>	na	<b>Cap Rate</b>	--
<b>Condition</b>	Average	<b>EGIM</b>	--

**Comments**

This is the January 2013 sale of a 110,676-square-foot office building located at 555 Easy Street in the city of Simi Valley. The improvements are two stories in height and were constructed in 1985. As of the date of sale, the property was approximately 100 percent leased. The sale price was \$6,200,000, or \$56.02 per square foot of building area.



**Rancho Conejo I and II Improved Sale Data Sheets**

**Comparable 6**



**Transaction**

<b>ID</b>	1848	<b>Date</b>	10/26/12
<b>Address</b>	2390 Ward Ave.	<b>Price</b>	\$8,050,000
<b>City</b>	Simi Valley	<b>Price Per SF</b>	\$58.04
<b>State</b>	CA	<b>Transaction Type</b>	Closed
<b>Tax ID</b>	630-0-141-085,115,125	<b>Financing</b>	Cash
<b>Grantor</b>	M & M Investments LLC	<b>Property Rights</b>	Leased Fee
<b>Grantee</b>	Ward Industrial Park LLC	<b>Days on Market</b>	1277
<b>Legal Description</b>	na		

**Site**

<b>Acres</b>	6.5	<b>Topography</b>	Level
<b>Land SF</b>	283,140	<b>Zoning</b>	GI
<b>Topography</b>	Level	<b>Flood Zone</b>	X
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	na
<b>Utilities</b>	Electricity, public water, and	<b>Environmental Issues</b>	na

**Improvements & Financial Data**

<b>Source For SF Area</b>	--	<b>PGI</b>	--
<b>Rentable Area</b>	138,700	<b>EGI</b>	--
<b>No. of Units</b>	--	<b>Expense Ratio</b>	--
<b>Year Built</b>	1989	<b>NOI</b>	--
<b>Renovations</b>	na	<b>Cap Rate</b>	--
<b>Condition</b>	Average	<b>EGIM</b>	--

**Comments**

This is the October 2012 sale of a 138,700-square-foot commercial building located at 2390 Ward Avenue in the city of Simi Valley. The improvements are two stories in height and were constructed in 1989. As of the date of sale, the property was 100 percent leased. The sale price was \$8,050,000, or \$58.04 per square foot of building area.



**Rancho Conejo I and II Rent Comparable Data Sheets**

*Rent Comparable Data Sheets*





**Rancho Conejo I and II Rent Comparable Data Sheets**

**Lease Comparable 1**



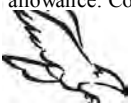
Location		Building	
<b>ID</b>	578	<b>Name</b>	3623 Old Conejo Rd.
<b>Address</b>	3623 Old Conejo Rd.	<b>Year Built</b>	2002
<b>City</b>	Thousand Oaks	<b>Condition</b>	Average
<b>State</b>	CA	<b>No. of Buildings</b>	--
<b>Market</b>	Thousand Oaks	<b>GBA</b>	19,248
<b>Property Sub Type</b>	--	<b>No. of Units</b>	--
		<b>Vacancy</b>	0.0%

Leases					
Tenant	Size	\$/SF	Type	Date	Term
IS Squared	1,631	\$1.46	MG	Jun-13	39 mths

**Comments**

This comparable is the Becker office building, located adjacent to the Ventura (101) Freeway in the community of Newbury Park. The building was constructed in 2002 and totals 19,248 square feet. The property is currently 100 percent leased.

This lease was signed in the second quarter 2013 and encumbers 1,631 square feet of space. The lease has an initial base rent of \$1.35 per square foot per month, modified gross, the tenant pays janitorial. The lease term is three years and the base rent escalates at 3.0 percent per year annually. The tenant was provided with a \$5 per square foot tenant improvement allowance. Concessions of three months free rent were given.



**Rancho Conejo I and II Rent Comparable Data Sheets**

**Lease Comparable 2**



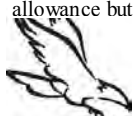
Location		Building	
<b>ID</b>	579	<b>Name</b>	299 W. Hillcrest Dr.
<b>Address</b>	299 W Hillcrest Dr.	<b>Year Built</b>	1986
<b>City</b>	Thousand Oaks	<b>Condition</b>	Average
<b>State</b>		<b>No. of Buildings</b>	--
<b>Market</b>	Thousand Oaks	<b>GBA</b>	42,500
<b>Property Sub Type</b>	--	<b>No. of Units</b>	--
		<b>Vacancy</b>	10.0%

Leases					
Tenant	Size	\$/SF	Type	Date	Term
Pacific Preservation Service	3,011	\$1.75	FSG	Mar-13	42 months

**Comments**

This comparable is the Briarwood Building, located at 299 W. Hillcrest Drive in the city of Thousand Oaks. The building was constructed in 1986 and totals 42,500 square feet. The property is currently 90.4 percent leased.

There has been one recent lease at this property. The lease commenced in the first quarter 2013 and has a three and a half year term. The lease encumbers 3,011 square feet of space with an initial base rent of \$1.70 per square foot per month, full service gross. The base rent escalates at 3.0 percent per year. The tenant was provided with no tenant improvement allowance but was given four months free rent.



**Rancho Conejo I and II Rent Comparable Data Sheets**

**Lease Comparable 3**



Location		Building	
<b>ID</b>	580	<b>Name</b>	325 E Hillcrest Dr.
<b>Address</b>	325 E Hillcrest Dr.	<b>Year Built</b>	1983
<b>City</b>	Thousand Oaks	<b>Condition</b>	Average
<b>State</b>	CA	<b>No. of Buildings</b>	--
<b>Market</b>	Thousand Oaks	<b>GBA</b>	53,314
<b>Property Sub Type</b>	--	<b>No. of Units</b>	--
		<b>Vacancy</b>	0.0%

Leases					
Tenant	Size	\$/SF	Type	Date	Term
Center for Autism	4,547	\$1.86	FSG	Mar-13	66 months

**Comments**

This comparable is part of the Stone Creek Professional Offices, located at 325 E. Hillcrest Drive in the city of Thousand Oaks. The building was constructed in 1983 and totals 53,314 square feet. The property is currently 100 percent leased.

There are last tenant to lease space at this property was a medical tenant. As signed, the lease will have an initial base rent of \$1.75 per square foot per month, full service gross. The base rent escalates at 3.0 percent per year. The tenant also received \$20 per square foot for tenant improvements and 6 months free rent.



**Rancho Conejo I and II Rent Comparable Data Sheets**

**Lease Comparable 4**



Location		Building	
<b>ID</b>	581	<b>Name</b>	1445-1455 Lawrence Dr.
<b>Address</b>	1445-1455 Lawrence Dr.	<b>Year Built</b>	2002
<b>City</b>	Thousand Oaks	<b>Condition</b>	Average
<b>State</b>	CA	<b>No. of Buildings</b>	--
<b>Market</b>	Thousand Oaks	<b>GBA</b>	125,073
<b>Property Sub Type</b>	--	<b>No. of Units</b>	--
		<b>Vacancy</b>	0.0%

Leases					
Tenant	Size	\$/SF	Type	Date	Term
Nexsan Technologies, Inc.	30,033	\$0.55	MG	Sep-11	120 months

**Comments**

This comparable is the September 2011 lease of a 30,033-square-foot portion of a larger building located at 1445 Lawrence Drive in the city of Thousand Oaks. The building was constructed in 2002 and totals 125,073 square feet. The property is currently 100 percent leased. The lease has an initial base rent of \$0.55 per square foot per month, on a modified gross basis. The lease term is for ten years and the base rent escalates at 3.0 percent per year.



**Rancho Conejo I and II Rent Comparable Data Sheets**

**Lease Comparable 5**



Location		Building	
<b>ID</b>	582	<b>Name</b>	275 E Hillcrest Dr.
<b>Address</b>	275 E Hillcrest Dr.	<b>Year Built</b>	1983
<b>City</b>	Thousand Oaks	<b>Condition</b>	Average
<b>State</b>	CA	<b>No. of Buildings</b>	--
<b>Market</b>	Thousand Oaks	<b>GBA</b>	49,794
<b>Property Sub Type</b>	--	<b>No. of Units</b>	--
		<b>Vacancy</b>	1.0%

Leases					
Tenant	Size	\$/SF	Type	Date	Term
Surfcam, Inc.	3,160	\$1.60	FSG	Feb-13	36 months

**Comments**

This comparable is a first quarter 2013 lease of a 3,160-square-foot space. The building was constructed in 1983 and totals 49,794 square feet. The tenant (Surfcam, Inc.) signed a three year lease and has an initial base rent of \$1.55 per square foot per month, on a full service gross basis. The tenant received one month free rent. The tenant received a reported \$1.00 per square foot tenant improvement.



**Rancho Conejo I and II Discounted Cash Flow Files**

*Discounted Cash Flow Files*



Presentation Rent Roll & Current Term Tenant Summary  
As of Jul-2013 for 159,186 Square Feet

Tenant Name Type & Suite Number Lease Dates & Term	Floor SqFt Bldg Share	Rate & Amount per Year per Month	Changes on	Changes to	CPI & Current Porters' Wage Miscellaneous	Months to Abate	Pcnt to Abate	Description of Operating Expense Reimbursements	Imprvmnts Rate Amount	Commssns Rate Amount	Assumption about subsequent terms for this tenant
1 Philips Office, Suite: 100 Oct-2010 to Sep-2013 36 Months	13,300.00 8.36%	\$22.92 \$304,775 \$1.91 \$25,398	-	-	-	-	-	Gross: Pays the increases over a base year ending Jun-2014: \$4.20.	-	-	ReAbsorb See assumption: 1525 Office
2 Dept. of General Office, Suite: 102 Jan-2012 to Dec-2018 84 Months	6,677.00 4.19%	\$18.66 \$124,572 \$1.55 \$10,381	Jan-2014	\$19.22 Jan-2016 \$19.79 Jan-2018 \$20.39	-	-	-	Gross: Pays the increases over a base year ending Jun-2014: \$4.20.	-	-	Market See assumption: 1525 Office
3 PST Services Inc Office, Suite: 104 Jul-2011 to Jun-2017 72 Months	15,601.00 9.80%	\$19.92 \$310,772 \$1.66 \$25,898	Jul-2014 Jul-2015	\$20.52 \$21.12 Jul-2016 \$21.72	-	37 49 61	100% 100% 100%	Gross: Pays the increases over a base year ending Jun-2014: \$4.20.	-	-	Market See assumption: 1525 Office
4 Bella Falla West Office, Suite: 204 Mar-2012 to Feb-2015 36 Months	1,454.00 0.91%	\$22.20 \$32,279 \$1.85 \$2,690	Mar-2014	\$23.55	-	-	-	Gross: Pays the increases over a base year ending Jun-2014: \$4.20.	-	-	Market See assumption: 1525 Office
5 Ceres Inc. Office, Suite: A Apr-2004 to Mar-2019 180 Months	48,598.00 30.53%	\$8.40 \$408,223 \$0.70 \$34,019	Oct-2013 Oct-2014 Oct-2015 Oct-2016 Oct-2017 Oct-2018	\$8.65 \$8.88 \$9.12 \$9.48 \$9.72 \$10.08	-	115 127 139 151 163 175	100% 100% 100% 100% 100%	Gross: Pays the increases over a base year ending Jun-2014: \$4.20.	-	-	Market See assumption: 1535 Flex
6 Amgen USA, Inc. Office, Suite: B Oct-2006 to Oct-2016 121 Months	48,622.00 30.54%	\$16.20 \$787,676 \$1.35 \$65,640	Nov-2013 Nov-2014 Nov-2015	\$16.20 \$16.68 \$17.16	-	-	-	Gross: Pays the increases over a base year ending Jun-2014: \$4.20.	-	-	Market See assumption: 1535 Flex
S1 General Office Office, Suite: Qtr 1 Jul-2013 to Jun-2018 60 Months	3,116.75 1.96%	\$18.00 \$56,102 \$1.50 \$4,675	Jul-2014 Jul-2015 Jul-2016 Jul-2017	\$18.54 \$19.10 \$19.67 \$20.26	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2014: \$4.20.	\$12.00 \$37,401	\$5.46 6.00% \$17,030	Market See assumption: 1525 Office
S1 General Office Office, Suite: Qtr 2 Oct-2013 to Sep-2018 60 Months	3,116.75 1.96%	\$18.00 \$56,102 \$1.50 \$4,675	Oct-2014 Oct-2015 Oct-2016 Oct-2017	\$18.54 \$19.10 \$19.67 \$20.26	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2014: \$4.20.	\$12.00 \$37,401	\$5.46 6.00% \$17,030	Market See assumption: 1525 Office
S1 General Office Office, Suite: Qtr 3 Jan-2014 to Dec-2018 60 Months	3,116.75 1.96%	\$18.00 \$56,102 \$1.50 \$4,675	Jan-2015 Jan-2016 Jan-2017 Jan-2018	\$18.54 \$19.10 \$19.67 \$20.26	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2014: \$4.20.	\$12.00 \$37,401	\$5.46 6.00% \$17,030	Market See assumption: 1525 Office
S1 General Office Office, Suite: Qtr 4 Apr-2014 to Mar-2019 60 Months	3,116.75 1.96%	\$18.00 \$56,102 \$1.50 \$4,675	Apr-2015 Apr-2016 Apr-2017 Apr-2018	\$18.54 \$19.10 \$19.67 \$20.26	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2014: \$4.20.	\$12.00 \$37,401	\$5.46 6.00% \$17,030	Market See assumption: 1525 Office
S1 General Office Office, Suite: Qtr 5 Jul-2014 to Jun-2019 60 Months	3,116.75 1.96%	\$18.54 \$57,785 \$1.55 \$4,815	Jul-2015 Jul-2016 Jul-2017 Jul-2018	\$19.10 \$19.67 \$20.26 \$20.87	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2015: \$4.37.	\$12.00 \$37,401	\$5.63 6.00% \$17,540	Market See assumption: 1525 Office

(continued on next page)

Presentation Rent Roll & Current Term Tenant Summary  
As of Jul-2013 for 159,186 Square Feet  
(continued from previous page)

Tenant Name Type & Suite Number Lease Dates & Term	Floor SqFt Bldg Share	Rate & Amount per Year per Month	Changes on	Changes to	CPI & Current Porters' Wage Miscellaneous	Months to Abate	Pcnt to Abate	Description of Operating Expense Reimbursements	Imprvmnts Rate Amount	Commssns Rate Amount	Assumption about subsequent terms for this tenant
S1 General Office Office, Suite: Qtr 6 Oct-2014 to Sep-2019 60 Months	3,116.75 1.96%	\$18.54 \$57,785 \$1.55 \$4,815	Oct-2015 Oct-2016 Oct-2017 Oct-2018	\$19.10 \$19.67 \$20.26 \$20.87	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2015: \$4.37.	\$12.00 \$37,401	\$5.63 6.00% \$17,540	Market See assumption: 1525 Office
S1 General Office Office, Suite: Qtr 7 Jan-2015 to Dec-2019 60 Months	3,116.75 1.96%	\$18.54 \$57,785 \$1.55 \$4,815	Jan-2016 Jan-2017 Jan-2018 Jan-2019	\$19.10 \$19.67 \$20.26 \$20.87	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2015: \$4.37.	\$12.00 \$37,401	\$5.63 6.00% \$17,540	Market See assumption: 1525 Office
S1 General Office Office, Suite: Qtr 8 Apr-2015 to Mar-2020 60 Months	3,116.75 1.96%	\$18.54 \$57,785 \$1.55 \$4,815	Apr-2016 Apr-2017 Apr-2018 Apr-2019	\$19.10 \$19.67 \$20.26 \$20.87	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2015: \$4.37.	\$12.00 \$37,401	\$5.63 6.00% \$17,540	Market See assumption: 1525 Office
S2 Phillips Office, Suite: Qtr 2 Oct-2013 to Sep-2018 60 Months	1,662.50 1.04%	\$18.00 \$29,925 \$1.50 \$2,494	Oct-2014 Oct-2015 Oct-2016 Oct-2017	\$18.54 \$19.10 \$19.67 \$20.26	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2014: \$4.20.	\$12.00 \$19,950	\$5.46 6.00% \$9,084	Market See assumption: 1525 Office
S2 Phillips Office, Suite: Qtr 3 Jan-2014 to Dec-2018 60 Months	1,662.50 1.04%	\$18.00 \$29,925 \$1.50 \$2,494	Jan-2015 Jan-2016 Jan-2017 Jan-2018	\$18.54 \$19.10 \$19.67 \$20.26	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2014: \$4.20.	\$12.00 \$19,950	\$5.46 6.00% \$9,084	Market See assumption: 1525 Office
S2 Phillips Office, Suite: Qtr 4 Apr-2014 to Mar-2019 60 Months	1,662.50 1.04%	\$18.00 \$29,925 \$1.50 \$2,494	Apr-2015 Apr-2016 Apr-2017 Apr-2018	\$18.54 \$19.10 \$19.67 \$20.26	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2014: \$4.20.	\$12.00 \$19,950	\$5.46 6.00% \$9,084	Market See assumption: 1525 Office
S2 Phillips Office, Suite: Qtr 5 Jul-2014 to Jun-2019 60 Months	1,662.50 1.04%	\$18.54 \$30,823 \$1.55 \$2,569	Jul-2015 Jul-2016 Jul-2017 Jul-2018	\$19.10 \$19.67 \$20.26 \$20.87	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2015: \$4.37.	\$12.00 \$19,950	\$5.63 6.00% \$9,356	Market See assumption: 1525 Office
S2 Phillips Office, Suite: Qtr 6 Oct-2014 to Sep-2019 60 Months	1,662.50 1.04%	\$18.54 \$30,823 \$1.55 \$2,569	Oct-2015 Oct-2016 Oct-2017 Oct-2018	\$19.10 \$19.67 \$20.26 \$20.87	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2015: \$4.37.	\$12.00 \$19,950	\$5.63 6.00% \$9,356	Market See assumption: 1525 Office
S2 Phillips Office, Suite: Qtr 7 Jan-2015 to Dec-2019 60 Months	1,662.50 1.04%	\$18.54 \$30,823 \$1.55 \$2,569	Jan-2016 Jan-2017 Jan-2018 Jan-2019	\$19.10 \$19.67 \$20.26 \$20.87	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2015: \$4.37.	\$12.00 \$19,950	\$5.63 6.00% \$9,356	Market See assumption: 1525 Office
S2 Phillips Office, Suite: Qtr 8 Apr-2015 to Mar-2020 60 Months	1,662.50 1.04%	\$18.54 \$30,823 \$1.55 \$2,569	Apr-2016 Apr-2017 Apr-2018 Apr-2019	\$19.10 \$19.67 \$20.26 \$20.87	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2015: \$4.37.	\$12.00 \$19,950	\$5.63 6.00% \$9,356	Market See assumption: 1525 Office
S2 Phillips Office, Suite: Qtr 9 Jul-2015 to Jun-2020 60 Months	1,662.50 1.04%	\$19.10 \$31,747 \$1.59 \$2,646	Jul-2016 Jul-2017 Jul-2018 Jul-2019	\$19.67 \$20.26 \$20.87 \$21.49	-	1-3	100%	Gross: Pays the increases over a base year ending Jun-2016: \$4.55.	\$12.00 \$19,950	\$5.80 6.00% \$9,637	Market See assumption: 1525 Office
Total Occupied SqFt	137,368.75										
Total Available SqFt	21,817.25										



Input Assumptions

Property Description  
Name: Rancho Conejo I & II  
Address:  
Address2:  
City:  
State:  
Zip:  
Country:  
Portfolio:  
Property Type: Office/Industrial  
Property Reference:  
Property Version:

Property Timing  
Analysis Start Date: 7/13  
Reporting Start Date: 7/13  
Years to Report or End Date: 10

Area Measures

Constants

Label	Area	Label	
Property Size	159,186 SqFt	Total Purchase Price	0
Alt. Prop. Size	1 SqFt		

General Inflation

Inflation Month: Analysis Start  
Reimbursement Method: Fiscal reimbursement using fiscal inflation  
Inflation Rate: 3

Reimbursable Expenses

Name	Acct Code	Actuals	Budgeted	Units	Area/Constant	Frequency	% Fixed	Inflation	Ref Acct	Notes
Taxes			125,000	\$Amount		/Year	100			
Insurance			15,000	\$Amount		/Year	100			
Utilities			165,000	\$Amount		/Year	100			
Repairs & Maintenance			135,000	\$Amount		/Year	100			
Admin/ Cleaning Management			175,000	\$Amount		/Year	100			
			3	% of EGR						

Gross Up for Reimbursement: No

Capital Expenditures

Name	Acct Code	Actuals	Budgeted	Units	Area/Constant	Frequency	% Fixed	Inflation	Ref Acct	Notes
Reserves			0.2	\$/Area	Property Size	/Year	100			

Credit & Collection Loss

Method: Percent of Potential Gross Revenue  
Primary Rate: 2

(continued on next page)

Input Assumptions  
 (continued from previous page)

Rent Roll

No.	Tenant Name/ Description	Suite	Lease Type	Lease Status	Total Area	Start Date	Term/ Expir	Base/Min Rent	Unit of Measure	Rent Chng	Rtl Sls	Reimbur- sements	Unit of Measure	Rent Abatement
1	Philips	100	Office	Contract	13,300	10/10	3	Detail				Base Stop		
2	Dept. of General	102	Office	Contract	6,677	1/12	7	Detail				Base Stop		
3	PST Services Inc	104	Office	Contract	15,601	7/11	6	Detail				Base Stop	PST Services	
4	Bella Falla West	204	Office	Contract	1,454	3/12	3	Detail				Base Stop		
5	Ceres Inc.	A	Office	Contract	48,598	4/04	15	Detail				Base Stop	Ceres, Inc.	
6	Amgen USA, Inc.	B	Office	Contract	48,622	10/06	10/16	Detail				Base Stop		

No.	Tenant Name/ Description	Leasing Cost	Security Deposit	Market Leasing	Upon Expiration	Rnw/ Prob	More/ Notes
1	Philips			1525 Office	ReAbsorb		
2	Dept. of General			1525 Office	Market		
3	PST Services Inc			1525 Office	Market		
4	Bella Falla West			1525 Office	Market		
5	Ceres Inc.			1535 Flex	Market		
6	Amgen USA, Inc.			1535 Flex	Market		

Detail Base Rent Philips			Detail Base Rent Dept. of General			Detail Base Rent PST Services Inc		
Date	Amount	Units	Date	Amount	Units	Date	Amount	Units
10/10	304,775	\$ Amnt/Yr	1/12	124,572	\$ Amnt/Yr	7/11	310,772	\$ Amnt/Yr
10/13	23.6	\$/SqFt/Yr	1/14	19.22	\$/SqFt/Yr	7/14	20.52	\$/SqFt/Yr
10/14	24.31	\$/SqFt/Yr	1/16	19.79	\$/SqFt/Yr	7/15	21.12	\$/SqFt/Yr
			1/18	20.39	\$/SqFt/Yr	7/16	21.72	\$/SqFt/Yr

Detail Base Rent Bella Falla West			Detail Base Rent Ceres Inc.			Detail Base Rent Amgen USA, Inc.		
Date	Amount	Units	Date	Amount	Units	Date	Amount	Units
3/12	32,279	\$ Amnt/Yr	4/04	408,223	\$ Amnt/Yr	10/06	787,676	\$ Amnt/Yr
3/14	23.55	\$/SqFt/Yr	10/13	8.65	\$/SqFt/Yr	11/13	16.2	\$/SqFt/Yr
			10/14	8.88	\$/SqFt/Yr	11/14	16.68	\$/SqFt/Yr
			10/15	9.12	\$/SqFt/Yr	11/15	17.16	\$/SqFt/Yr
			10/16	9.48	\$/SqFt/Yr			
			10/17	9.72	\$/SqFt/Yr			
			10/18	10.08	\$/SqFt/Yr			

Space Absorption

No.	Space Description	Lease Type	Lease Status	Total Area	Date Avail	Begin Lsnq	#/Size Leases Lses	Crte	Term/ Expir	Base/Min Rent	Unit of Measure	Rent Chng	Rtl Sls	Reimbur- sements	Unit of Measure
1	General Office	Office	Speculative	24,934	1	1	8 Qrt		5	Detail				Base Stop	
2	Phillips	Office	Speculative	13,300	10/13	1	8 Qrt		5	Detail				Base Stop	

No.	Space Description	Rent Abatement	Lsg Cst	Security Deposit	Market Leasing	Upon Expiration	Rnw/ Prob	Mre Nts
1	General Office	Free Rent	Yes		1525 Office	Market		
2	Phillips	Free Rent	Yes		1525 Office	Market		

Input Assumptions  
 (continued from previous page)

Detail Base Rent General Office			Leasing Cost General Office		Detail Base Rent Phillips		
Date	Amount	Units	Tenant Improvements:	Leasing Commissions:	Date	Amount	Units
1	100 % Market		12	6	1	100 % Market	
13	3 % Inc, Annual				13	3 % Inc, Annual	

Leasing Cost  
 Phillips  
 Tenant Improvements: 12 \$/SqFt  
 Leasing Commissions: 6 Percent

Rent Abatements

Rent Abatement Category: Free Rent Modifier: Standard			Rent Abatement Category: PST Services Modifier: Standard			Rent Abatement Category: Ceres, Inc. Modifier: Standard		
Date	Pct	Mos	Date	Pct	Mos	Date	Pct	Mos
1	100	3.00	7/14	100	1.00	10/13	100	1.00
			7/15	100	1.00	10/14	100	1.00
			7/16	100	1.00	10/15	100	1.00
						10/16	100	1.00
						10/17	100	1.00
						10/18	100	1.00

Market Leasing Assumptions

Leasing Assumptions Category: 1525 Office

Lease Status: Speculative

	New Market	Renewal Mkt	Unit of Measure
Renewal Probability		70	Percent
Market Rent	18.00		\$/SqFt/Yr
Months Vacant	12	0	Months
Tenant Improvements	12.00	5.00	\$/SqFt
Leasing Commissions	6	3	Percent
Rent Abatements	3		Months
Security Deposit	None	None	
Non-Weighted Items			
Rent Changes	Yes		
Retail Sales	No		
Reimbursements	Base Stop		
Term Lengths	5	Years	

(continued on next page)

Input Assumptions  
 (continued from previous page)

Rent Changes: 1525 Office,current term  
 Changing Base:  
 Step:  
 Porters' Wage:  
 Miscellaneous:  
 CPI Rent  
 Category: Lease Year  
 Parking  
 Spaces: Continue Prior  
 Amount:

Leasing Assumptions Category: 1535 Flex  
 Lease Status: Speculative

	New Market	Renewal Mkt	Unit of Measure
Renewal Probability		70	Percent
Market Rent	8.40		\$/SqFt/Yr
Months Vacant	12	0	Months
Tenant Improvements	5.00	3.00	\$/SqFt
Leasing Commissions	6	3	Percent
Rent Abatements	3		Months
Security Deposit	None	None	

Non-Weighted Items  
 Rent Changes Yes  
 Retail Sales No  
 Reimbursements Base Stop  
 Term Lengths 5 Years

Rent Changes: 1535 Flex,current term  
 Changing Base:  
 Step:  
 Porters' Wage:  
 Miscellaneous:  
 CPI Rent  
 Category: Lease Year  
 Parking  
 Spaces: Continue Prior  
 Amount:

Property Resale  
 Option:  
 Cap Rate: Capitalize NOI Adjusted for Full Occupa  
 Resale Adjustment(s): 8  
 Apply Rate to following year income: Yes 2  
 Calculate Resale for All Years: No

Cap Rate Adjustment for Occupancy  
 Stabilized Market Vacancy Rate: 10

Cap Rate Range  
 Low Rate: 7.5  
 High Rate: 8.5  
 Increment: 0.25

Present Value Discounting  
 Primary Discount Rate: 10.5  
 Discount Rate Range  
 Number of Rates: 5  
 Increment: 0.25  
 Discount Method: Annually (Endpoint on Cash Flow & Resale)  
 Advanced  
 Unleveraged Discount Range  
 Cash Flow Rate: 10.5  
 Resale Rate: 10.5  
 Leveraged Discount Range  
 Cash Flow Rate: 10.5  
 Resale Rate: 10.5

*Client Documents*





July 2, 2013

Mr. Daniel H. Reiss, Esq.  
LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.  
10250 Constellation Blvd., Suite 1700  
Los Angeles, CA 90067

Re: Appraisal Services  
Rancho Conejo I and II  
1525-1535 Rancho Conejo Boulevard  
Thousand Oaks, CA

Dear Mr. Reiss,

Peregrine Realty Partners, Inc. (herein "PRP") agrees to provide appraisal services for the above referenced property, subject to the following terms and conditions.

**PROPERTY IDENTIFICATION**

The subject of the appraisal is two multi-tenant office buildings: Rancho Conejo I is 61,966 SF, has 4 tenants and is currently 60% occupied (one large tenant will exercise an early termination this year and as a result, occupancy will drop to 38%); and, Rancho Conejo II is 97,220 SF, has 2 tenants and is currently 100% occupied.

**PROPERTY TYPE**

Multi-tenant office

**INTENDED USE AND USERS**

The appraisal is being prepared for Levene, Neale, Bender, Yoo & Brill LLP ("Client") to assist Client with internal decisions. Intended users of this report include Client and any other parties involved with the decision making process.

**PURPOSE OF THE APPRAISAL**

The purpose of the appraisal is to determine the market value of the leased fee interest in the property.

**APPLICABLE REQUIREMENTS OTHER THAN THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP)**

The Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute

**ANTICIPATED SCOPE OF WORK**

**Site visit:**

Appraiser will conduct an interior and exterior site inspection.

**Valuation approaches:**

Appraisal will incorporate all approaches necessary to develop a credible opinion of value.

**PAYMENT FOR SERVICES**

The fee for the written appraisal report will be \$8,000 with an anticipated completion date of 21 days from execution of this agreement. A retainer of \$4,000 is required within seven days of the execution of this agreement.

**PAYMENT DUE DATE**

PRP shall invoice Client for services rendered pursuant to this Agreement based upon the fees specified in this Agreement. PRP's invoices are considered due upon receipt by Client and shall be deemed delinquent if not paid within 30 days of the date of PRP's invoice.

Mr. Daniel H. Reiss, Esq.  
July 2, 2013  
Page 2

#### **CHANGES TO AGREEMENT**

Any changes to the assignment as outlined in this Agreement shall necessitate a new Agreement. The identity of the Client, intended users, or intended use cannot be changed without a new Agreement.

#### **GOVERNING LAW AND JURISDICTION**

This Agreement shall be governed by the law of the state in which PRP's office as specified in this Agreement is located, exclusive of that state's choice of law rules. The parties agree that any legal proceeding brought by either party to interpret or enforce this Agreement, or to enforce an arbitration award entered pursuant to this Agreement, shall be brought in a state or federal court having jurisdiction over the location of PRP's office as specified in this Agreement, and the parties hereby waive any objections to the personal jurisdiction of said court.

#### **NOTICES**

Any notice or request required or permitted to be given to any party shall be given in writing and shall be delivered to the receiving party by: a) registered or certified mail, postage prepaid; (b) overnight courier, such as Federal Express, United Parcel Service or equivalent; or (c) hand delivery. The address for delivery of any notice shall be the address for the party as specified in this Agreement, or at such other address as party may designate by written notice to the other party in conformance with this paragraph. Unless otherwise specified herein, notice shall be effective the date it is postmarked or given to a third party for delivery to the receiving party, whether or not the receiving party signs for or accepts delivery of such notice.

#### **NO THIRD-PARTY BENEFICIARIES**

Nothing in this Agreement shall create a contractual relationship between PRP or Client and any third party, or any cause of action in favor of any third party. This Agreement shall not be construed to render any person or entity a third party beneficiary of this Agreement, including, but not limited to, any third parties identified herein.

#### **MEDIATION & ARBITRATION**

In the event of a dispute concerning the subject matter of this Agreement, the parties shall in good faith attempt to resolve such dispute by negotiation between the parties' principals, or, if such negotiation is unsuccessful, by mediation conducted by a third-party mediator. If such mediation results in an impasse, the parties shall submit their dispute to binding arbitration. Such mediation or, if necessary, binding arbitration shall be conducted pursuant to the mediation procedures or the commercial arbitration rules of the American Arbitration Association. Any arbitration shall be conducted in the city in which Appraiser's office as specified herein is located. The parties shall share equally the costs of any mediation. In the event of binding arbitration, the arbitrators shall, in addition to any relief appropriate to be awarded to the prevailing party, enter an award in favor of the prevailing party for that party's costs of the arbitration, including the party's reasonable attorneys' fees and arbitration expenses incurred in prosecuting or defending the arbitration proceeding. Subject to the right of the prevailing party to recover its share of the costs of the arbitration services pursuant to the arbitrator's award, the costs of the arbitration services shall be borne equally by the parties. If the prevailing party seeks judicial confirmation of any arbitration award entered pursuant to this Agreement, the court shall, in addition to any other appropriate relief, enter an award to the prevailing party in such confirmation proceeding for its reasonable attorneys' fees and litigation expenses incurred in confirming or successfully opposing the confirmation of such an award.

#### **SPECIAL OR CONSEQUENTIAL DAMAGES**

Neither party shall under any circumstances be liable to the other party for special, exemplary, punitive or consequential damages, including, without limitation, loss of profits or damages proximately caused by loss of use of any property, whether arising from either party's negligence, breach of the Agreement or otherwise, whether or not a party was advised, or knew, of the possibility of such damages, or such possibility was foreseeable by that party. In no event shall PRP be liable to Client for any amounts that exceed the fees and costs paid by Client to PRP pursuant to this Agreement.

#### **ASSIGNMENT**

Neither party may assign this Agreement to a third party without the express written consent of the other party, which the non-assigning party may withhold in its sole discretion. In the event this Agreement is assigned by mutual consent of the parties, it shall become binding on the assigning party's permitted assigns.

#### **SEVERABILITY**

In the event any provision of this Agreement shall be determined to be void or unenforceable by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement and all such other provisions shall remain in full force and effect.

Mr. Daniel H. Reiss, Esq.  
July 2, 2013  
Page 3

**CLIENT'S REPRESENTATIONS AND WARRANTIES**

Client represents and warrants to PRP that (1) Client has all right, power and authority to enter into this Agreement; (2) Client's duties and obligations under this Agreement do not conflict with any other duties or obligations assumed by Client under any agreement between Client and any other party; and (3) Client has not engaged PRP, nor will Client use PRP's report, for any purposes that violate any federal, state or local law, regulation or ordinance or common law.

**EXTENT OF AGREEMENT**

This Agreement represents the entire and integrated agreement between the Client and PRP and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both Client and PRP.

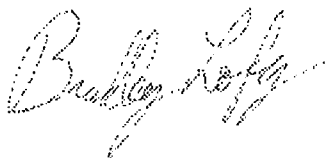
**EXPIRATION OF AGREEMENT**

This Agreement is valid only if signed by both PRP and Client within three days of the Date of Agreement specified.

**ACCEPTED AND AGREED**

By Consultant:

By Client:



(Signature)

(Signature)

Bradley E. Lofgren

DANIEL REISS

(Printed name)

(Printed name)

July 2, 2013

7/3/13

(date)

(date)



EXHIBIT A

Information Request

In order to complete this assignment in the timely manner requested, Peregrine Realty Partners, will require the following specific information for the property:

1. Current title report or title holder name
2. Legal description
3. Survey and/or plat map
4. Site plan for the existing development
5. Building plans and specifications, including square footage for all buildings and suites
6. Current county property tax assessment or tax bill
7. Details on any sale, contract, or listing of the property within the past three years
8. Engineering studies, soil tests or environmental assessments
9. Ground lease, if applicable
10. Details regarding the development costs, including land cost, if developed within the past three years
11. Three-year and YTD property income and expenses
12. Current year property income and expense budget
13. Detailed occupancy report for the past three years and current YTD
14. Expense reimbursement schedule on a tenant-by-tenant basis
15. Historical sales volumes for all tenants subject to percentage rent
16. Complete copies or abstracts of all lease agreements and a current rent roll
17. Details regarding any pending changes to the rent roll or pertinent information regarding the current/future status of the tenants
18. Details regarding the lease rates/terms and marketing activity for any vacant suites
19. Details regarding any tenant improvement allowances and free rent provided for all leases pending or signed over the prior 12 months
20. Details regarding capital expenditures made within the last 12 months, or scheduled for the next 12 months
21. Any previous market/demand studies or appraisals
22. Name and telephone number of property contact for physical inspection and additional information needed during the appraisal process
23. Any other information that might be helpful in valuing this property

If any of the requested data and information is not available, Peregrine Realty Partners, reserves the right to extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements. Please have the requested information delivered to the following:

Bradley E. Lofgren, MAI  
Principal  
**PEREGRINE REALTY PARTNERS**  
915 Wilshire Bl., Suite 2060  
Los Angeles, CA 90017  
blofgren@peregrinerp.com

*Demographics*

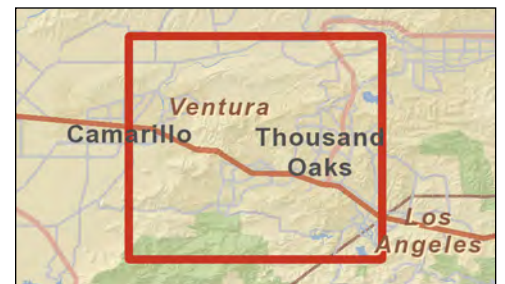
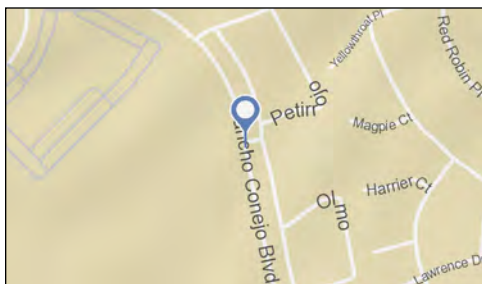
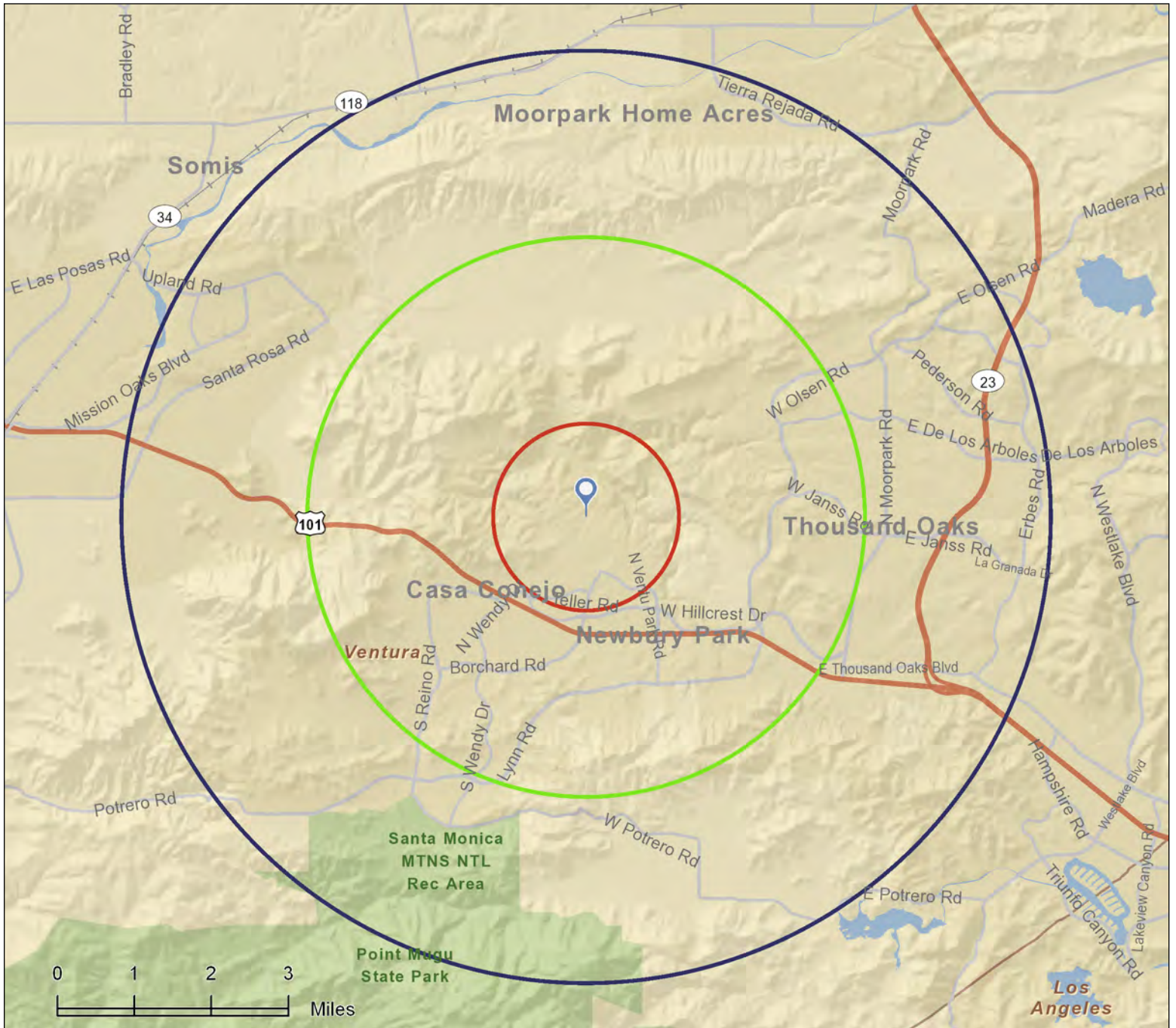


# Site Map



1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
Ring: 1, 3, 5 Miles

Prepared by Bradley LofgrenPRP  
Latitude: 34.202501  
Longitude: -118.924679



1525 Rancho Conejo Blvd, Thousand Oaks, CA,  
Ring: 1 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

	2000	2010	2000-2010 Annual Rate
Population	3,307	4,162	2.33%
Households	1,116	1,494	2.96%
Housing Units	1,221	1,541	2.36%

Population by Race	Number	Percent
Total	4,163	100.0%
Population Reporting One Race	3,987	95.8%
White	2,864	68.8%
Black	68	1.6%
American Indian	5	0.1%
Asian	943	22.7%
Pacific Islander	10	0.2%
Some Other Race	97	2.3%
Population Reporting Two or More Races	176	4.2%

Total Hispanic Population	421	10.1%
---------------------------	-----	-------

Population by Sex	Number	Percent
Male	2,007	48.2%
Female	2,155	51.8%

Population by Age	Number	Percent
Total	4,165	100.0%
Age 0 - 4	258	6.2%
Age 5 - 9	331	7.9%
Age 10 - 14	347	8.3%
Age 15 - 19	283	6.8%
Age 20 - 24	142	3.4%
Age 25 - 29	190	4.6%
Age 30 - 34	192	4.6%
Age 35 - 39	319	7.7%
Age 40 - 44	390	9.4%
Age 45 - 49	445	10.7%
Age 50 - 54	345	8.3%
Age 55 - 59	251	6.0%
Age 60 - 64	244	5.9%
Age 65 - 69	172	4.1%
Age 70 - 74	81	1.9%
Age 75 - 79	83	2.0%
Age 80 - 84	41	1.0%
Age 85+	47	1.1%
Age 18+	3,029	72.8%
Age 65+	424	10.2%

Median Age by Sex and Race/Hispanic Origin	Median Age
Total Population	40.2
Male	40.4
Female	40.0
White Alone	42.5
Black Alone	42.3
American Indian Alone	46.3
Asian Alone	38.0
Pacific Islander Alone	16.3
Some Other Race Alone	29.8
Two or More Races	17.7
Hispanic Population	29.8

**Data Note:** Hispanic population can be of any race. Census 2010 medians are computed from reported data distributions.**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri converted Census 2000 data into 2010 geography.

1525 Rancho Conejo Blvd, Thousand Oaks, CA,  
Ring: 1 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

<b>Households by Type</b>		
Total	1,493	100.0%
Households with 1 Person	258	17.3%
Households with 2+ People	1,235	82.7%
Family Households	1,174	78.6%
Husband-wife Families	1,001	67.0%
With Own Children	536	35.9%
Other Family (No Spouse Present)	173	11.6%
With Own Children	95	6.4%
Nonfamily Households	61	4.1%
All Households with Children	658	44.0%
Multigenerational Households	57	3.8%
Unmarried Partner Households	53	3.6%
Male-female	48	3.2%
Same-sex	5	0.3%
Average Household Size	2.79	
<b>Family Households by Size</b>		
Total	1,175	100.0%
2 People	425	36.2%
3 People	286	24.3%
4 People	322	27.4%
5 People	108	9.2%
6 People	19	1.6%
7+ People	15	1.3%
Average Family Size	3.17	
<b>Nonfamily Households by Size</b>		
Total	320	100.0%
1 Person	258	80.6%
2 People	52	16.3%
3 People	6	1.9%
4 People	4	1.3%
5 People	0	0.0%
6 People	0	0.0%
7+ People	0	0.0%
Average Nonfamily Size	1.23	
<b>Population by Relationship and Household Type</b>		
Total	4,162	100.0%
In Households	4,162	100.0%
In Family Households	3,767	90.5%
Householder	1,175	28.2%
Spouse	1,002	24.1%
Child	1,413	34.0%
Other relative	131	3.1%
Nonrelative	46	1.1%
In Nonfamily Households	395	9.5%
In Group Quarters	0	0.0%
Institutionalized Population	0	0.0%
Noninstitutionalized Population	0	0.0%

**Data Note:** Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. Average family size excludes nonrelatives.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1.

1525 Rancho Conejo Blvd, Thousand Oaks, CA,  
Ring: 1 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

**Family Households by Age of Householder**

Total	1,173	100.0%
Householder Age 15 - 44	411	35.0%
Householder Age 45 - 54	376	32.1%
Householder Age 55 - 64	227	19.4%
Householder Age 65 - 74	98	8.4%
Householder Age 75+	61	5.2%

**Nonfamily Households by Age of Householder**

Total	319	100.0%
Householder Age 15 - 44	114	35.7%
Householder Age 45 - 54	72	22.6%
Householder Age 55 - 64	54	16.9%
Householder Age 65 - 74	43	13.5%
Householder Age 75+	36	11.3%

**Households by Race of Householder**

Total	1,495	100.0%
Householder is White Alone	1,109	74.2%
Householder is Black Alone	22	1.5%
Householder is American Indian Alone	3	0.2%
Householder is Asian Alone	302	20.2%
Householder is Pacific Islander Alone	3	0.2%
Householder is Some Other Race Alone	22	1.5%
Householder is Two or More Races	34	2.3%
Households with Hispanic Householder	112	7.5%

**Husband-wife Families by Race of Householder**

Total	1,002	100.0%
Householder is White Alone	715	71.4%
Householder is Black Alone	15	1.5%
Householder is American Indian Alone	3	0.3%
Householder is Asian Alone	237	23.7%
Householder is Pacific Islander Alone	2	0.2%
Householder is Some Other Race Alone	14	1.4%
Householder is Two or More Races	16	1.6%
Husband-wife Families with Hispanic Householder	60	6.0%

**Other Families (No Spouse) by Race of Householder**

Total	173	100.0%
Householder is White Alone	135	78.0%
Householder is Black Alone	2	1.2%
Householder is American Indian Alone	0	0.0%
Householder is Asian Alone	17	9.8%
Householder is Pacific Islander Alone	0	0.0%
Householder is Some Other Race Alone	5	2.9%
Householder is Two or More Races	14	8.1%
Other Families with Hispanic Householder	29	16.8%

**Nonfamily Households by Race of Householder**

Total	320	100.0%
Householder is White Alone	259	80.9%
Householder is Black Alone	5	1.6%
Householder is American Indian Alone	0	0.0%
Householder is Asian Alone	49	15.3%
Householder is Pacific Islander Alone	1	0.3%
Householder is Some Other Race Alone	2	0.6%
Householder is Two or More Races	4	1.3%
Nonfamily Households with Hispanic Householder	23	7.2%

**Source:** U.S. Census Bureau, Census 2010 Summary File 1.

1525 Rancho Conejo Blvd, Thousand Oaks, CA,  
Ring: 1 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

**Total Housing Units by Occupancy**

Total	1,541	100.0%
Occupied Housing Units	1,494	97.0%
Vacant Housing Units		
For Rent	12	0.8%
Rented, not Occupied	3	0.2%
For Sale Only	14	0.9%
Sold, not Occupied	5	0.3%
For Seasonal/Recreational/Occasional Use	6	0.4%
For Migrant Workers	0	0.0%
Other Vacant	7	0.5%
Total Vacancy Rate	3.1%	

**Households by Tenure and Mortgage Status**

Total	1,494	100.0%
Owner Occupied	1,025	68.6%
Owned with a Mortgage/Loan	903	60.4%
Owned Free and Clear	122	8.2%
Average Household Size	2.94	
Renter Occupied	469	31.4%
Average Household Size	2.45	

**Owner-occupied Housing Units by Race of Householder**

Total	1,026	100.0%
Householder is White Alone	761	74.2%
Householder is Black Alone	16	1.6%
Householder is American Indian Alone	2	0.2%
Householder is Asian Alone	223	21.7%
Householder is Pacific Islander Alone	1	0.1%
Householder is Some Other Race Alone	11	1.1%
Householder is Two or More Races	12	1.2%
Owner-occupied Housing Units with Hispanic Householder	56	5.5%

**Renter-occupied Housing Units by Race of Householder**

Total	470	100.0%
Householder is White Alone	348	74.0%
Householder is Black Alone	7	1.5%
Householder is American Indian Alone	1	0.2%
Householder is Asian Alone	80	17.0%
Householder is Pacific Islander Alone	2	0.4%
Householder is Some Other Race Alone	10	2.1%
Householder is Two or More Races	22	4.7%
Renter-occupied Housing Units with Hispanic Householder	56	11.9%

**Average Household Size by Race/Hispanic Origin of Householder**

Householder is White Alone	2.67
Householder is Black Alone	2.86
Householder is American Indian Alone	2.67
Householder is Asian Alone	3.08
Householder is Pacific Islander Alone	3.33
Householder is Some Other Race Alone	4.32
Householder is Two or More Races	2.91
Householder is Hispanic	3.25

Source: U.S. Census Bureau, Census 2010 Summary File 1.



1525 Rancho Conejo Blvd, Thousand Oaks, CA,  
Ring: 3 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

	2000	2010	2000-2010 Annual Rate
Population	51,025	52,755	0.33%
Households	17,764	18,640	0.48%
Housing Units	18,200	19,275	0.58%

Population by Race	Number	Percent
Total	52,757	100.0%
Population Reporting One Race	50,683	96.1%
White	41,855	79.3%
Black	727	1.4%
American Indian	236	0.4%
Asian	4,603	8.7%
Pacific Islander	68	0.1%
Some Other Race	3,194	6.1%
Population Reporting Two or More Races	2,074	3.9%
Total Hispanic Population	9,137	17.3%

Population by Sex	Number	Percent
Male	25,754	48.8%
Female	27,001	51.2%

Population by Age	Number	Percent
Total	52,752	100.0%
Age 0 - 4	2,670	5.1%
Age 5 - 9	3,215	6.1%
Age 10 - 14	3,740	7.1%
Age 15 - 19	4,239	8.0%
Age 20 - 24	3,201	6.1%
Age 25 - 29	2,699	5.1%
Age 30 - 34	2,556	4.8%
Age 35 - 39	3,122	5.9%
Age 40 - 44	3,835	7.3%
Age 45 - 49	4,525	8.6%
Age 50 - 54	4,348	8.2%
Age 55 - 59	3,530	6.7%
Age 60 - 64	3,350	6.4%
Age 65 - 69	2,437	4.6%
Age 70 - 74	1,742	3.3%
Age 75 - 79	1,383	2.6%
Age 80 - 84	1,008	1.9%
Age 85+	1,157	2.2%
Age 18+	40,616	77.0%
Age 65+	7,727	14.6%

Median Age by Sex and Race/Hispanic Origin	Median Age
Total Population	41.2
Male	39.7
Female	42.6
White Alone	44.1
Black Alone	37.8
American Indian Alone	33.3
Asian Alone	38.2
Pacific Islander Alone	34.6
Some Other Race Alone	27.3
Two or More Races	19.3
Hispanic Population	28.1

**Data Note:** Hispanic population can be of any race. Census 2010 medians are computed from reported data distributions.**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri converted Census 2000 data into 2010 geography.

1525 Rancho Conejo Blvd, Thousand Oaks, CA,  
Ring: 3 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

<b>Households by Type</b>		
Total	18,640	100.0%
Households with 1 Person	3,718	19.9%
Households with 2+ People	14,922	80.1%
Family Households	13,848	74.3%
Husband-wife Families	11,335	60.8%
With Own Children	4,996	26.8%
Other Family (No Spouse Present)	2,512	13.5%
With Own Children	1,172	6.3%
Nonfamily Households	1,074	5.8%
All Households with Children	6,707	36.0%
Multigenerational Households	751	4.0%
Unmarried Partner Households	828	4.4%
Male-female	724	3.9%
Same-sex	104	0.6%
Average Household Size	2.76	
<b>Family Households by Size</b>		
Total	13,849	100.0%
2 People	5,244	37.9%
3 People	3,248	23.5%
4 People	3,149	22.7%
5 People	1,335	9.6%
6 People	506	3.7%
7+ People	367	2.7%
Average Family Size	3.15	
<b>Nonfamily Households by Size</b>		
Total	4,793	100.0%
1 Person	3,718	77.6%
2 People	784	16.4%
3 People	173	3.6%
4 People	68	1.4%
5 People	28	0.6%
6 People	13	0.3%
7+ People	9	0.2%
Average Nonfamily Size	1.32	
<b>Population by Relationship and Household Type</b>		
Total	52,755	100.0%
In Households	51,398	97.4%
In Family Households	45,084	85.5%
Householder	13,728	26.0%
Spouse	11,236	21.3%
Child	16,470	31.2%
Other relative	2,144	4.1%
Nonrelative	1,507	2.9%
In Nonfamily Households	6,314	12.0%
In Group Quarters	1,357	2.6%
Institutionalized Population	179	0.3%
Noninstitutionalized Population	1,178	2.2%

**Data Note:** Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. Average family size excludes nonrelatives.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1.

1525 Rancho Conejo Blvd, Thousand Oaks, CA,  
Ring: 3 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

**Family Households by Age of Householder**

Total		13,848	100.0%
Householder Age	15 - 44	4,092	29.5%
Householder Age	45 - 54	3,944	28.5%
Householder Age	55 - 64	2,946	21.3%
Householder Age	65 - 74	1,715	12.4%
Householder Age	75+	1,151	8.3%

**Nonfamily Households by Age of Householder**

Total		4,794	100.0%
Householder Age	15 - 44	1,118	23.3%
Householder Age	45 - 54	794	16.6%
Householder Age	55 - 64	926	19.3%
Householder Age	65 - 74	798	16.6%
Householder Age	75+	1,158	24.2%

**Households by Race of Householder**

Total		18,639	100.0%
Householder is	White Alone	15,782	84.7%
Householder is	Black Alone	233	1.3%
Householder is	American Indian Alone	66	0.4%
Householder is	Asian Alone	1,480	7.9%
Householder is	Pacific Islander Alone	20	0.1%
Householder is	Some Other Race Alone	655	3.5%
Householder is	Two or More Races	403	2.2%
Households with	Hispanic Householder	2,106	11.3%

**Husband-wife Families by Race of Householder**

Total		11,338	100.0%
Householder is	White Alone	9,418	83.1%
Householder is	Black Alone	134	1.2%
Householder is	American Indian Alone	35	0.3%
Householder is	Asian Alone	1,072	9.5%
Householder is	Pacific Islander Alone	15	0.1%
Householder is	Some Other Race Alone	418	3.7%
Householder is	Two or More Races	246	2.2%
Husband-wife Families with	Hispanic Householder	1,298	11.5%

**Other Families (No Spouse) by Race of Householder**

Total		2,512	100.0%
Householder is	White Alone	2,082	82.9%
Householder is	Black Alone	38	1.5%
Householder is	American Indian Alone	17	0.7%
Householder is	Asian Alone	132	5.3%
Householder is	Pacific Islander Alone	1	0.0%
Householder is	Some Other Race Alone	171	6.8%
Householder is	Two or More Races	71	2.8%
Other Families with	Hispanic Householder	487	19.4%

**Nonfamily Households by Race of Householder**

Total		4,792	100.0%
Householder is	White Alone	4,283	89.4%
Householder is	Black Alone	61	1.3%
Householder is	American Indian Alone	15	0.3%
Householder is	Asian Alone	276	5.8%
Householder is	Pacific Islander Alone	5	0.1%
Householder is	Some Other Race Alone	66	1.4%
Householder is	Two or More Races	86	1.8%
Nonfamily Households with	Hispanic Householder	320	6.7%

**Source:** U.S. Census Bureau, Census 2010 Summary File 1.

1525 Rancho Conejo Blvd, Thousand Oaks, CA,  
Ring: 3 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

**Total Housing Units by Occupancy**

Total	19,281	100.0%
Occupied Housing Units	18,640	96.7%
Vacant Housing Units		
For Rent	293	1.5%
Rented, not Occupied	17	0.1%
For Sale Only	110	0.6%
Sold, not Occupied	45	0.2%
For Seasonal/Recreational/Occasional Use	53	0.3%
For Migrant Workers	0	0.0%
Other Vacant	123	0.6%
Total Vacancy Rate	3.3%	

**Households by Tenure and Mortgage Status**

Total	18,640	100.0%
Owner Occupied	13,987	75.0%
Owned with a Mortgage/Loan	11,240	60.3%
Owned Free and Clear	2,747	14.7%
Average Household Size	2.75	
Renter Occupied	4,653	25.0%
Average Household Size	2.79	

**Owner-occupied Housing Units by Race of Householder**

Total	13,987	100.0%
Householder is White Alone	12,277	87.8%
Householder is Black Alone	155	1.1%
Householder is American Indian Alone	43	0.3%
Householder is Asian Alone	952	6.8%
Householder is Pacific Islander Alone	13	0.1%
Householder is Some Other Race Alone	293	2.1%
Householder is Two or More Races	254	1.8%
Owner-occupied Housing Units with Hispanic Householder	1,160	8.3%

**Renter-occupied Housing Units by Race of Householder**

Total	4,653	100.0%
Householder is White Alone	3,506	75.3%
Householder is Black Alone	78	1.7%
Householder is American Indian Alone	23	0.5%
Householder is Asian Alone	528	11.3%
Householder is Pacific Islander Alone	7	0.2%
Householder is Some Other Race Alone	362	7.8%
Householder is Two or More Races	149	3.2%
Renter-occupied Housing Units with Hispanic Householder	946	20.3%

**Average Household Size by Race/Hispanic Origin of Householder**

Householder is White Alone	2.64
Householder is Black Alone	2.76
Householder is American Indian Alone	3.14
Householder is Asian Alone	2.95
Householder is Pacific Islander Alone	3.20
Householder is Some Other Race Alone	4.74
Householder is Two or More Races	3.24
Householder is Hispanic	3.94

Source: U.S. Census Bureau, Census 2010 Summary File 1.

1525 Rancho Conejo Blvd, Thousand Oaks, CA,  
Ring: 5 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

	2000	2010	2000-2010 Annual Rate
Population	121,898	131,193	0.74%
Households	43,090	47,109	0.90%
Housing Units	44,119	48,823	1.02%

Population by Race	Number	Percent
Total	131,192	100.0%
Population Reporting One Race	126,048	96.1%
White	104,871	79.9%
Black	1,719	1.3%
American Indian	607	0.5%
Asian	11,007	8.4%
Pacific Islander	174	0.1%
Some Other Race	7,670	5.8%
Population Reporting Two or More Races	5,144	3.9%
Total Hispanic Population	23,461	17.9%

Population by Sex	Number	Percent
Male	64,137	48.9%
Female	67,056	51.1%

Population by Age	Number	Percent
Total	131,190	100.0%
Age 0 - 4	6,761	5.2%
Age 5 - 9	8,215	6.3%
Age 10 - 14	9,556	7.3%
Age 15 - 19	10,039	7.7%
Age 20 - 24	7,323	5.6%
Age 25 - 29	6,481	4.9%
Age 30 - 34	6,329	4.8%
Age 35 - 39	7,703	5.9%
Age 40 - 44	9,704	7.4%
Age 45 - 49	11,321	8.6%
Age 50 - 54	11,011	8.4%
Age 55 - 59	9,012	6.9%
Age 60 - 64	7,957	6.1%
Age 65 - 69	5,734	4.4%
Age 70 - 74	4,106	3.1%
Age 75 - 79	3,479	2.7%
Age 80 - 84	2,842	2.2%
Age 85+	3,621	2.8%
Age 18+	100,276	76.4%
Age 65+	19,782	15.1%

Median Age by Sex and Race/Hispanic Origin	Median Age
Total Population	41.6
Male	40.2
Female	43.0
White Alone	44.1
Black Alone	38.3
American Indian Alone	34.0
Asian Alone	39.6
Pacific Islander Alone	38.7
Some Other Race Alone	28.8
Two or More Races	18.9
Hispanic Population	28.7

**Data Note:** Hispanic population can be of any race. Census 2010 medians are computed from reported data distributions.**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri converted Census 2000 data into 2010 geography.

1525 Rancho Conejo Blvd, Thousand Oaks, CA,  
Ring: 5 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

<b>Households by Type</b>		
Total	47,109	100.0%
Households with 1 Person	10,038	21.3%
Households with 2+ People	37,071	78.7%
Family Households	34,406	73.0%
Husband-wife Families	28,196	59.9%
With Own Children	12,552	26.6%
Other Family (No Spouse Present)	6,210	13.2%
With Own Children	2,961	6.3%
Nonfamily Households	2,665	5.7%
All Households with Children	16,741	35.5%
Multigenerational Households	1,786	3.8%
Unmarried Partner Households	2,082	4.4%
Male-female	1,795	3.8%
Same-sex	287	0.6%
Average Household Size	2.74	
<b>Family Households by Size</b>		
Total	34,407	100.0%
2 People	13,276	38.6%
3 People	7,786	22.6%
4 People	7,823	22.7%
5 People	3,368	9.8%
6 People	1,267	3.7%
7+ People	887	2.6%
Average Family Size	3.17	
<b>Nonfamily Households by Size</b>		
Total	12,703	100.0%
1 Person	10,038	79.0%
2 People	2,008	15.8%
3 People	399	3.1%
4 People	158	1.2%
5 People	48	0.4%
6 People	31	0.2%
7+ People	21	0.2%
Average Nonfamily Size	1.30	
<b>Population by Relationship and Household Type</b>		
Total	131,193	100.0%
In Households	129,265	98.5%
In Family Households	112,805	86.0%
Householder	34,379	26.2%
Spouse	28,172	21.5%
Child	41,461	31.6%
Other relative	5,177	3.9%
Nonrelative	3,617	2.8%
In Nonfamily Households	16,460	12.5%
In Group Quarters	1,928	1.5%
Institutionalized Population	366	0.3%
Noninstitutionalized Population	1,561	1.2%

**Data Note:** Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. Average family size excludes nonrelatives.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1.

1525 Rancho Conejo Blvd, Thousand Oaks, CA,  
Ring: 5 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

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**Family Households by Age of Householder**

Total	34,407	100.0%
Householder Age 15 - 44	10,229	29.7%
Householder Age 45 - 54	9,910	28.8%
Householder Age 55 - 64	7,247	21.1%
Householder Age 65 - 74	3,973	11.5%
Householder Age 75+	3,048	8.9%

**Nonfamily Households by Age of Householder**

Total	12,703	100.0%
Householder Age 15 - 44	2,799	22.0%
Householder Age 45 - 54	1,995	15.7%
Householder Age 55 - 64	2,323	18.3%
Householder Age 65 - 74	1,948	15.3%
Householder Age 75+	3,638	28.6%

**Households by Race of Householder**

Total	47,108	100.0%
Householder is White Alone	40,103	85.1%
Householder is Black Alone	572	1.2%
Householder is American Indian Alone	178	0.4%
Householder is Asian Alone	3,554	7.5%
Householder is Pacific Islander Alone	51	0.1%
Householder is Some Other Race Alone	1,639	3.5%
Householder is Two or More Races	1,011	2.1%
Households with Hispanic Householder	5,477	11.6%

**Husband-wife Families by Race of Householder**

Total	28,196	100.0%
Householder is White Alone	23,536	83.5%
Householder is Black Alone	328	1.2%
Householder is American Indian Alone	105	0.4%
Householder is Asian Alone	2,548	9.0%
Householder is Pacific Islander Alone	32	0.1%
Householder is Some Other Race Alone	1,045	3.7%
Householder is Two or More Races	602	2.1%
Husband-wife Families with Hispanic Householder	3,359	11.9%

**Other Families (No Spouse) by Race of Householder**

Total	6,209	100.0%
Householder is White Alone	5,137	82.7%
Householder is Black Alone	101	1.6%
Householder is American Indian Alone	43	0.7%
Householder is Asian Alone	334	5.4%
Householder is Pacific Islander Alone	6	0.1%
Householder is Some Other Race Alone	405	6.5%
Householder is Two or More Races	183	2.9%
Other Families with Hispanic Householder	1,222	19.7%

**Nonfamily Households by Race of Householder**

Total	12,703	100.0%
Householder is White Alone	11,430	90.0%
Householder is Black Alone	144	1.1%
Householder is American Indian Alone	31	0.2%
Householder is Asian Alone	672	5.3%
Householder is Pacific Islander Alone	12	0.1%
Householder is Some Other Race Alone	189	1.5%
Householder is Two or More Races	225	1.8%
Nonfamily Households with Hispanic Householder	895	7.0%

**Source:** U.S. Census Bureau, Census 2010 Summary File 1.

1525 Rancho Conejo Blvd, Thousand Oaks, CA,  
Ring: 5 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

**Total Housing Units by Occupancy**

Total	48,846	100.0%
Occupied Housing Units	47,109	96.4%
Vacant Housing Units		
For Rent	689	1.4%
Rented, not Occupied	59	0.1%
For Sale Only	333	0.7%
Sold, not Occupied	100	0.2%
For Seasonal/Recreational/Occasional Use	172	0.4%
For Migrant Workers	1	0.0%
Other Vacant	383	0.8%
Total Vacancy Rate	3.5%	

**Households by Tenure and Mortgage Status**

Total	47,109	100.0%
Owner Occupied	35,225	74.8%
Owned with a Mortgage/Loan	28,500	60.5%
Owned Free and Clear	6,725	14.3%
Average Household Size	2.77	
Renter Occupied	11,884	25.2%
Average Household Size	2.66	

**Owner-occupied Housing Units by Race of Householder**

Total	35,225	100.0%
Householder is White Alone	30,795	87.4%
Householder is Black Alone	352	1.0%
Householder is American Indian Alone	120	0.3%
Householder is Asian Alone	2,474	7.0%
Householder is Pacific Islander Alone	26	0.1%
Householder is Some Other Race Alone	811	2.3%
Householder is Two or More Races	647	1.8%
Owner-occupied Housing Units with Hispanic Householder	3,103	8.8%

**Renter-occupied Housing Units by Race of Householder**

Total	11,884	100.0%
Householder is White Alone	9,308	78.3%
Householder is Black Alone	220	1.9%
Householder is American Indian Alone	58	0.5%
Householder is Asian Alone	1,081	9.1%
Householder is Pacific Islander Alone	25	0.2%
Householder is Some Other Race Alone	828	7.0%
Householder is Two or More Races	364	3.1%
Renter-occupied Housing Units with Hispanic Householder	2,374	20.0%

**Average Household Size by Race/Hispanic Origin of Householder**

Householder is White Alone	2.63
Householder is Black Alone	2.84
Householder is American Indian Alone	3.40
Householder is Asian Alone	2.98
Householder is Pacific Islander Alone	3.12
Householder is Some Other Race Alone	4.55
Householder is Two or More Races	3.21
Householder is Hispanic	3.89

Source: U.S. Census Bureau, Census 2010 Summary File 1.





# Executive Summary

1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
Ring: 1 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827  
Longitude: -118.9246794

	1 mile	3 miles	5 miles
<b>Population</b>			
2000 Population	3,307	51,025	121,898
2010 Population	4,162	52,755	131,193
2012 Population	4,284	53,138	131,874
2017 Population	4,537	54,706	135,459
2000-2010 Annual Rate	2.33%	0.33%	0.74%
2010-2012 Annual Rate	1.30%	0.32%	0.23%
2012-2017 Annual Rate	1.15%	0.58%	0.54%
2012 Male Population	48.4%	48.9%	49.0%
2012 Female Population	51.6%	51.1%	51.0%
2012 Median Age	40.4	41.6	42.0

In the identified area, the current year population is 131,874. In 2010, the Census count in the area was 131,193. The rate of change since 2010 was 0.23% annually. The five-year projection for the population in the area is 135,459 representing a change of 0.54% annually from 2012 to 2017. Currently, the population is 49.0% male and 51.0% female.

## Median Age

The median age in this area is 42.0, compared to U.S. median age of 37.3.

## Race and Ethnicity

2012 White Alone	67.6%	78.4%	79.0%
2012 Black Alone	1.8%	1.5%	1.4%
2012 American Indian/Alaska Native Alone	0.2%	0.5%	0.5%
2012 Asian Alone	23.2%	9.0%	8.7%
2012 Pacific Islander Alone	0.2%	0.1%	0.1%
2012 Other Race	2.5%	6.4%	6.2%
2012 Two or More Races	4.5%	4.1%	4.1%
2012 Hispanic Origin (Any Race)	11.0%	18.3%	18.9%

Persons of Hispanic origin represent 18.9% of the population in the identified area compared to 16.9% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 56.2 in the identified area, compared to 61.4 for the U.S. as a whole.

## Households

2000 Households	1,116	17,764	43,090
2010 Households	1,494	18,640	47,109
2012 Total Households	1,536	18,784	47,365
2017 Total Households	1,631	19,373	48,706
2000-2010 Annual Rate	2.96%	0.48%	0.90%
2010-2012 Annual Rate	1.25%	0.34%	0.24%
2012-2017 Annual Rate	1.20%	0.62%	0.56%
2012 Average Household Size	2.79	2.76	2.74

The household count in this area has changed from 47,109 in 2010 to 47,365 in the current year, a change of 0.24% annually. The five-year projection of households is 48,706, a change of 0.56% annually from the current year total. Average household size is currently 2.74, compared to 2.74 in the year 2010. The number of families in the current year is 34,379 in the specified area.

**Data Note:** Income is expressed in current dollars

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 02, 2013



# Executive Summary

1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
Ring: 5 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827  
Longitude: -118.9246794

	1 mile	3 miles	5 miles
<b>Median Household Income</b>			
2012 Median Household Income	\$117,832	\$97,590	\$95,487
2017 Median Household Income	\$121,245	\$102,383	\$101,878
2012-2017 Annual Rate	0.57%	0.96%	1.30%
<b>Average Household Income</b>			
2012 Average Household Income	\$134,935	\$111,048	\$110,687
2017 Average Household Income	\$149,600	\$124,775	\$125,598
2012-2017 Annual Rate	2.08%	2.36%	2.56%
<b>Per Capita Income</b>			
2012 Per Capita Income	\$48,417	\$39,754	\$40,210
2017 Per Capita Income	\$53,828	\$44,623	\$45,612
2012-2017 Annual Rate	2.14%	2.34%	2.55%

Current median household income is \$95,487 in the area, compared to \$50,157 for all U.S. households. Median household income is projected to be \$101,878 in five years, compared to \$56,895 for all U.S. households

Current average household income is \$110,687 in this area, compared to \$68,162 for all U.S. households. Average household income is projected to be \$125,598 in five years, compared to \$77,137 for all U.S. households

Current per capita income is \$40,210 in the area, compared to the U.S. per capita income of \$26,409. The per capita income is projected to be \$45,612 in five years, compared to \$29,882 for all U.S. households

<b>Housing</b>			
2000 Total Housing Units	1,221	18,200	44,119
2000 Owner Occupied Housing Units	781	13,573	33,554
2000 Owner Occupied Housing Units	335	4,191	9,536
2000 Vacant Housing Units	105	436	1,029
2010 Total Housing Units	1,541	19,275	48,823
2010 Owner Occupied Housing Units	1,025	13,987	35,225
2010 Renter Occupied Housing Units	469	4,653	11,884
2010 Vacant Housing Units	47	635	1,714
2012 Total Housing Units	1,577	19,450	49,274
2012 Owner Occupied Housing Units	1,022	13,850	34,778
2012 Renter Occupied Housing Units	515	4,934	12,587
2012 Vacant Housing Units	41	666	1,909
2017 Total Housing Units	1,663	20,002	50,620
2017 Owner Occupied Housing Units	1,100	14,422	36,137
2017 Renter Occupied Housing Units	530	4,951	12,569
2017 Vacant Housing Units	32	629	1,914

Currently, 70.6% of the 49,274 housing units in the area are owner occupied; 25.5%, renter occupied; and 3.9% are vacant. Currently, in the U.S., 56.5% of the housing units in the area are owner occupied; 32.1% are renter occupied; and 11.4% are vacant. In 2010, there were 48,823 housing units in the area - 72.1% owner occupied, 24.3% renter occupied, and 3.5% vacant. The annual rate of change in housing units since 2010 is 0.41%. Median home value in the area is \$431,379, compared to a median home value of \$167,749 for the U.S. In five years, median value is projected to change by 1.68% annually to \$468,956.

**Data Note:** Income is expressed in current dollars

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 02, 2013



# Demographic and Income Profile

1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
Ring: 1 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827  
Longitude: -118.9246794

Summary	Census 2010	2012	2017
Population	4,162	4,284	4,537
Households	1,494	1,536	1,631
Families	1,174	1,199	1,278
Average Household Size	2.79	2.79	2.78
Owner Occupied Housing Units	1,025	1,022	1,100
Renter Occupied Housing Units	469	515	530
Median Age	40.2	40.4	40.4
Trends: 2012 - 2017 Annual Rate	Area	State	National
Population	1.15%	0.67%	0.68%
Households	1.21%	0.66%	0.74%
Families	1.28%	0.81%	0.72%
Owner HHs	1.48%	1.03%	0.91%
Median Household Income	0.57%	3.35%	2.55%

Households by Income	2012		2017	
	Number	Percent	Number	Percent
<\$15,000	33	2.1%	27	1.7%
\$15,000 - \$24,999	36	2.3%	26	1.6%
\$25,000 - \$34,999	23	1.5%	16	1.0%
\$35,000 - \$49,999	67	4.4%	54	3.3%
\$50,000 - \$74,999	187	12.2%	174	10.7%
\$75,000 - \$99,999	146	9.5%	188	11.5%
\$100,000 - \$149,999	556	36.2%	586	35.9%
\$150,000 - \$199,999	293	19.1%	340	20.8%
\$200,000+	196	12.8%	220	13.5%
Median Household Income	\$117,832		\$121,245	
Average Household Income	\$134,935		\$149,600	
Per Capita Income	\$48,417		\$53,828	

Population by Age	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	258	6.2%	265	6.2%	279	6.1%
5 - 9	331	8.0%	339	7.9%	359	7.9%
10 - 14	347	8.3%	352	8.2%	377	8.3%
15 - 19	283	6.8%	280	6.5%	286	6.3%
20 - 24	142	3.4%	150	3.5%	146	3.2%
25 - 34	382	9.2%	404	9.4%	435	9.6%
35 - 44	709	17.0%	713	16.6%	734	16.2%
45 - 54	790	19.0%	789	18.4%	781	17.2%
55 - 64	495	11.9%	535	12.5%	591	13.0%
65 - 74	253	6.1%	279	6.5%	350	7.7%
75 - 84	124	3.0%	125	2.9%	137	3.0%
85+	47	1.1%	54	1.3%	63	1.4%

Race and Ethnicity	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
White Alone	2,864	68.8%	2,898	67.6%	2,942	64.9%
Black Alone	68	1.6%	77	1.8%	95	2.1%
American Indian Alone	5	0.1%	7	0.2%	9	0.2%
Asian Alone	943	22.7%	993	23.2%	1,122	24.7%
Pacific Islander Alone	10	0.2%	10	0.2%	12	0.3%
Some Other Race Alone	97	2.3%	109	2.5%	136	3.0%
Two or More Races	176	4.2%	191	4.5%	220	4.9%
Hispanic Origin (Any Race)	421	10.1%	470	11.0%	592	13.0%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

August 02, 2013

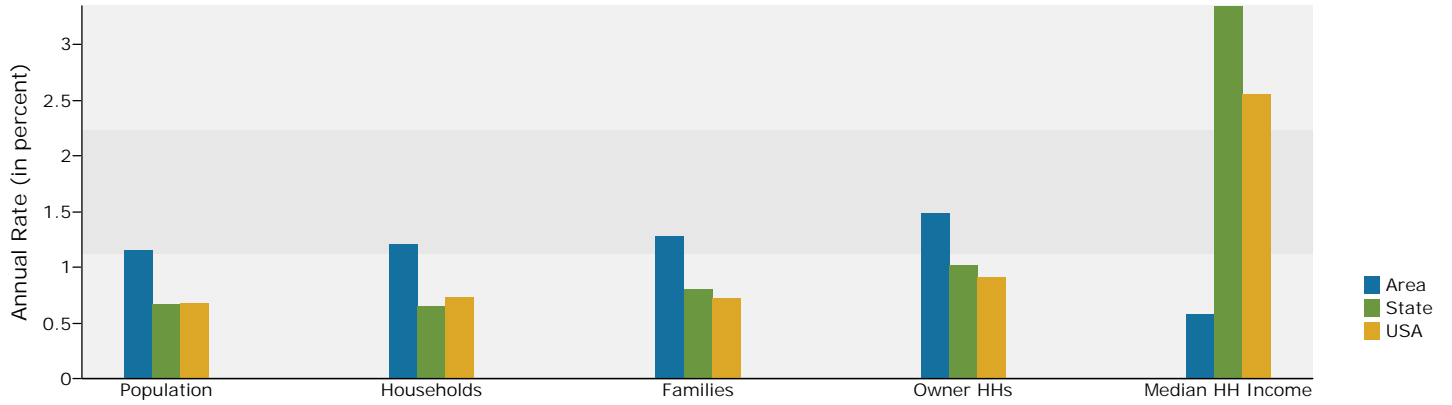


# Demographic and Income Profile

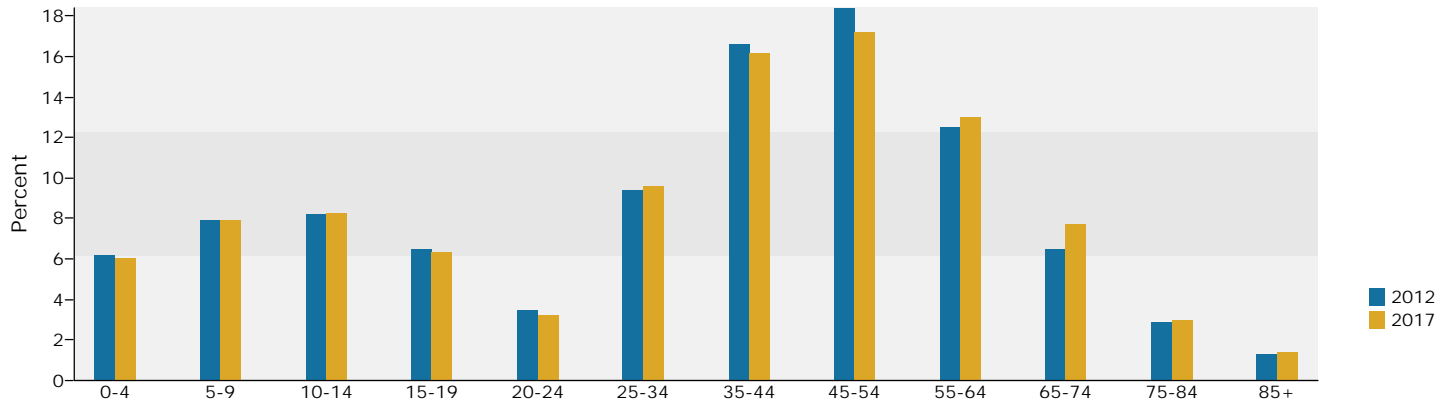
1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
 Ring: 1 mile radius

Prepared by Bradley LofgrenPRP  
 Latitude: 34.202500827  
 Longitude: -118.9246794

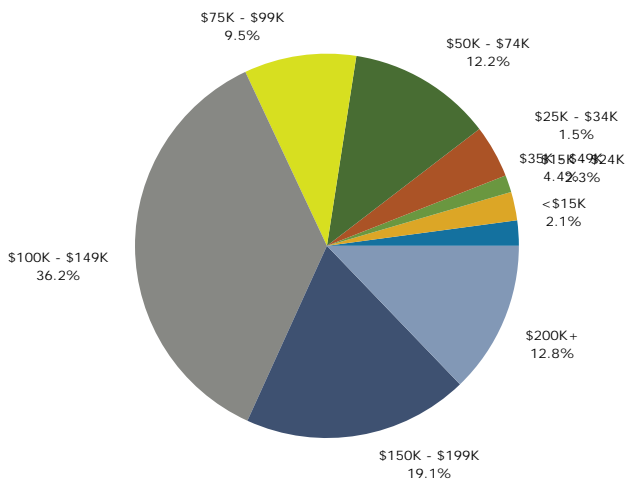
Trends 2012-2017



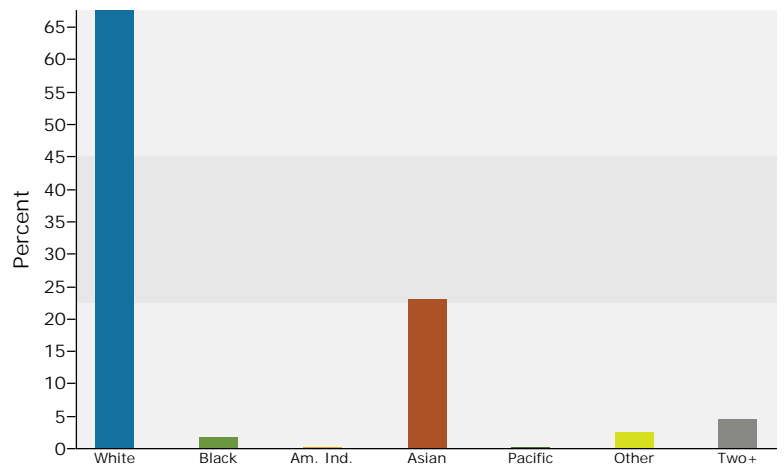
Population by Age



2012 Household Income



2012 Population by Race



2012 Percent Hispanic Origin: 11.0%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.



# Demographic and Income Profile

1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
Ring: 3 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827  
Longitude: -118.9246794

Summary	Census 2010	2012	2017
Population	52,755	53,138	54,706
Households	18,640	18,784	19,373
Families	13,848	13,875	14,411
Average Household Size	2.76	2.76	2.75
Owner Occupied Housing Units	13,987	13,850	14,422
Renter Occupied Housing Units	4,653	4,934	4,951
Median Age	41.2	41.6	42.2
Trends: 2012 - 2017 Annual Rate	Area	State	National
Population	0.58%	0.67%	0.68%
Households	0.62%	0.66%	0.74%
Families	0.76%	0.81%	0.72%
Owner HHs	0.81%	1.03%	0.91%
Median Household Income	0.96%	3.35%	2.55%

Households by Income	2012		2017	
	Number	Percent	Number	Percent
<\$15,000	766	4.1%	669	3.5%
\$15,000 - \$24,999	909	4.8%	672	3.5%
\$25,000 - \$34,999	890	4.7%	635	3.3%
\$35,000 - \$49,999	1,615	8.6%	1,361	7.0%
\$50,000 - \$74,999	2,678	14.3%	2,457	12.7%
\$75,000 - \$99,999	2,739	14.6%	3,420	17.7%
\$100,000 - \$149,999	5,250	27.9%	5,685	29.3%
\$150,000 - \$199,999	2,137	11.4%	2,499	12.9%
\$200,000+	1,799	9.6%	1,975	10.2%
Median Household Income	\$97,590		\$102,383	
Average Household Income	\$111,048		\$124,775	
Per Capita Income	\$39,754		\$44,623	

Population by Age	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	2,670	5.1%	2,677	5.0%	2,751	5.0%
5 - 9	3,215	6.1%	3,216	6.1%	3,285	6.0%
10 - 14	3,740	7.1%	3,705	7.0%	3,832	7.0%
15 - 19	4,239	8.0%	4,077	7.7%	3,993	7.3%
20 - 24	3,201	6.1%	3,263	6.1%	3,109	5.7%
25 - 34	5,255	10.0%	5,370	10.1%	5,551	10.1%
35 - 44	6,957	13.2%	6,824	12.8%	6,808	12.4%
45 - 54	8,873	16.8%	8,658	16.3%	8,226	15.0%
55 - 64	6,880	13.0%	7,245	13.6%	7,769	14.2%
65 - 74	4,179	7.9%	4,488	8.4%	5,506	10.1%
75 - 84	2,391	4.5%	2,393	4.5%	2,556	4.7%
85+	1,157	2.2%	1,223	2.3%	1,319	2.4%

Race and Ethnicity	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
White Alone	41,855	79.3%	41,659	78.4%	41,741	76.3%
Black Alone	727	1.4%	801	1.5%	968	1.8%
American Indian Alone	236	0.4%	257	0.5%	312	0.6%
Asian Alone	4,603	8.7%	4,783	9.0%	5,327	9.7%
Pacific Islander Alone	68	0.1%	68	0.1%	71	0.1%
Some Other Race Alone	3,194	6.1%	3,385	6.4%	3,818	7.0%
Two or More Races	2,074	3.9%	2,184	4.1%	2,469	4.5%
Hispanic Origin (Any Race)	9,137	17.3%	9,705	18.3%	11,313	20.7%

**Data Note:** Income is expressed in current dollars.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

August 02, 2013

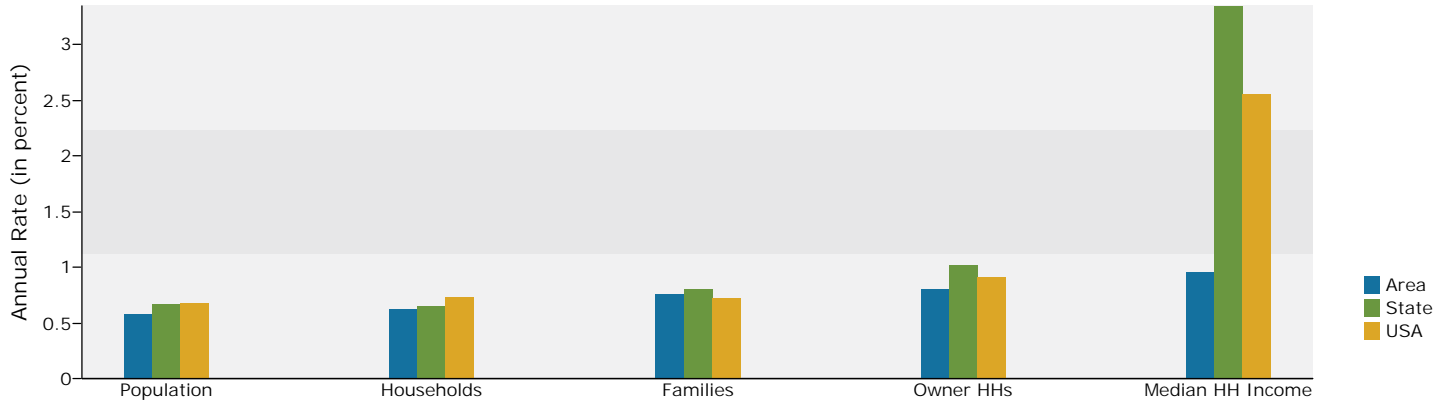


# Demographic and Income Profile

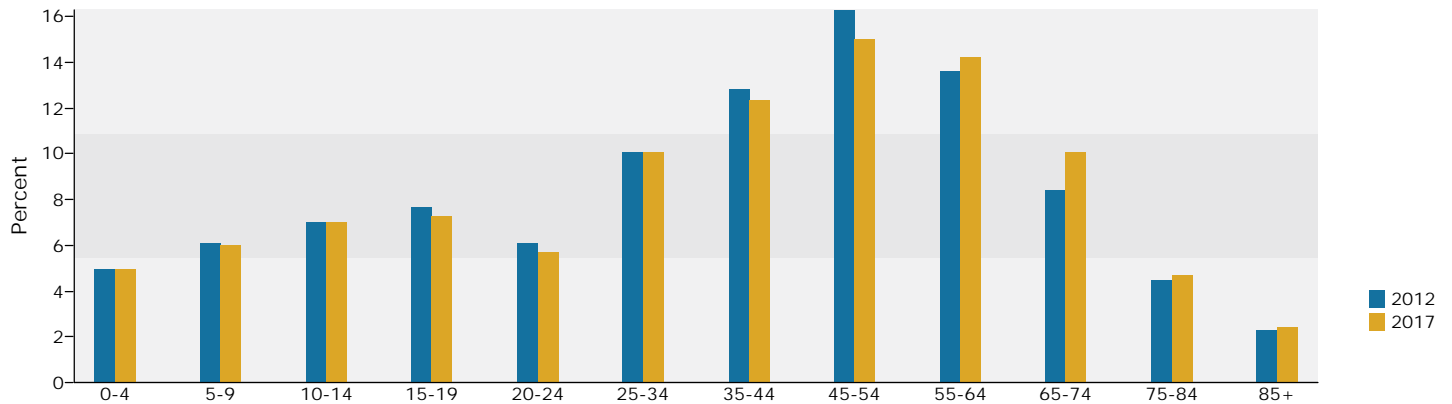
1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
 Ring: 3 mile radius

Prepared by Bradley LofgrenPRP  
 Latitude: 34.202500827  
 Longitude: -118.9246794

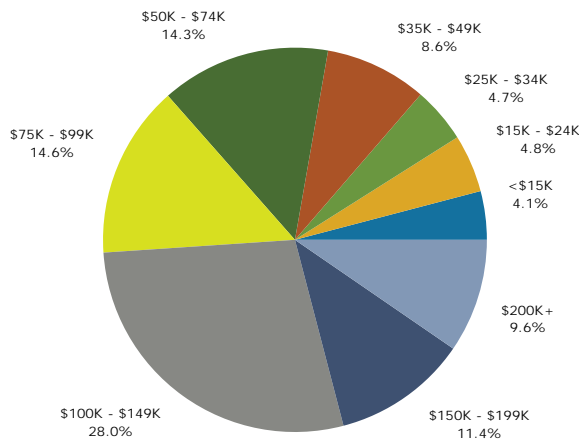
Trends 2012-2017



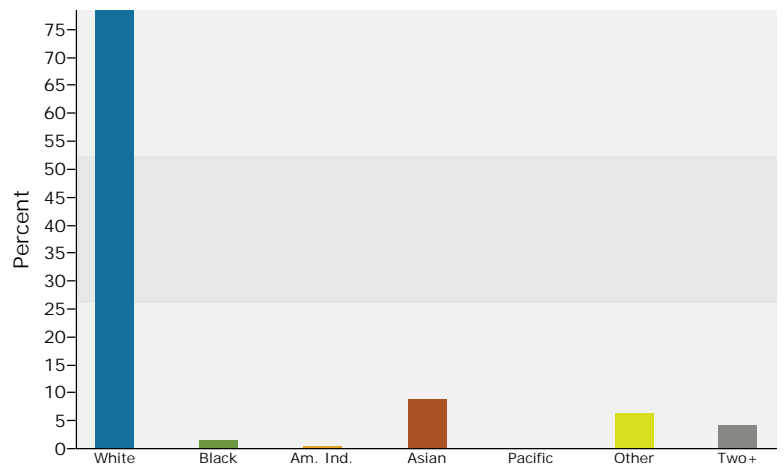
Population by Age



2012 Household Income



2012 Population by Race



2012 Percent Hispanic Origin: 18.3%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.



# Demographic and Income Profile

1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
Ring: 5 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827  
Longitude: -118.9246794

Summary	Census 2010	2012	2017
Population	131,193	131,874	135,459
Households	47,109	47,365	48,706
Families	34,406	34,379	35,587
Average Household Size	2.74	2.74	2.74
Owner Occupied Housing Units	35,225	34,778	36,137
Renter Occupied Housing Units	11,884	12,587	12,569
Median Age	41.6	42.0	42.6
Trends: 2012 - 2017 Annual Rate	Area	State	National
Population	0.54%	0.67%	0.68%
Households	0.56%	0.66%	0.74%
Families	0.69%	0.81%	0.72%
Owner HHs	0.77%	1.03%	0.91%
Median Household Income	1.30%	3.35%	2.55%

Households by Income	2012		2017	
	Number	Percent	Number	Percent
<\$15,000	2,197	4.6%	1,957	4.0%
\$15,000 - \$24,999	2,415	5.1%	1,809	3.7%
\$25,000 - \$34,999	2,595	5.5%	1,913	3.9%
\$35,000 - \$49,999	4,004	8.5%	3,370	6.9%
\$50,000 - \$74,999	6,730	14.2%	6,061	12.4%
\$75,000 - \$99,999	6,705	14.2%	8,361	17.2%
\$100,000 - \$149,999	12,558	26.5%	13,613	27.9%
\$150,000 - \$199,999	5,344	11.3%	6,257	12.8%
\$200,000+	4,818	10.2%	5,365	11.0%
Median Household Income	\$95,487		\$101,878	
Average Household Income	\$110,687		\$125,598	
Per Capita Income	\$40,210		\$45,612	

Population by Age	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	6,761	5.2%	6,769	5.1%	6,952	5.1%
5 - 9	8,215	6.3%	8,202	6.2%	8,373	6.2%
10 - 14	9,556	7.3%	9,438	7.2%	9,754	7.2%
15 - 19	10,039	7.7%	9,620	7.3%	9,408	6.9%
20 - 24	7,323	5.6%	7,482	5.7%	7,116	5.3%
25 - 34	12,810	9.8%	13,090	9.9%	13,534	10.0%
35 - 44	17,407	13.3%	17,036	12.9%	16,954	12.5%
45 - 54	22,332	17.0%	21,742	16.5%	20,624	15.2%
55 - 64	16,969	12.9%	17,813	13.5%	19,055	14.1%
65 - 74	9,840	7.5%	10,538	8.0%	12,871	9.5%
75 - 84	6,321	4.8%	6,318	4.8%	6,720	5.0%
85+	3,621	2.8%	3,825	2.9%	4,100	3.0%

Race and Ethnicity	Census 2010		2012		2017	
	Number	Percent	Number	Percent	Number	Percent
White Alone	104,871	79.9%	104,145	79.0%	104,063	76.8%
Black Alone	1,719	1.3%	1,894	1.4%	2,293	1.7%
American Indian Alone	607	0.5%	662	0.5%	807	0.6%
Asian Alone	11,007	8.4%	11,458	8.7%	12,809	9.5%
Pacific Islander Alone	174	0.1%	172	0.1%	176	0.1%
Some Other Race Alone	7,670	5.8%	8,142	6.2%	9,237	6.8%
Two or More Races	5,144	3.9%	5,401	4.1%	6,074	4.5%
Hispanic Origin (Any Race)	23,461	17.9%	24,934	18.9%	29,167	21.5%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

August 02, 2013

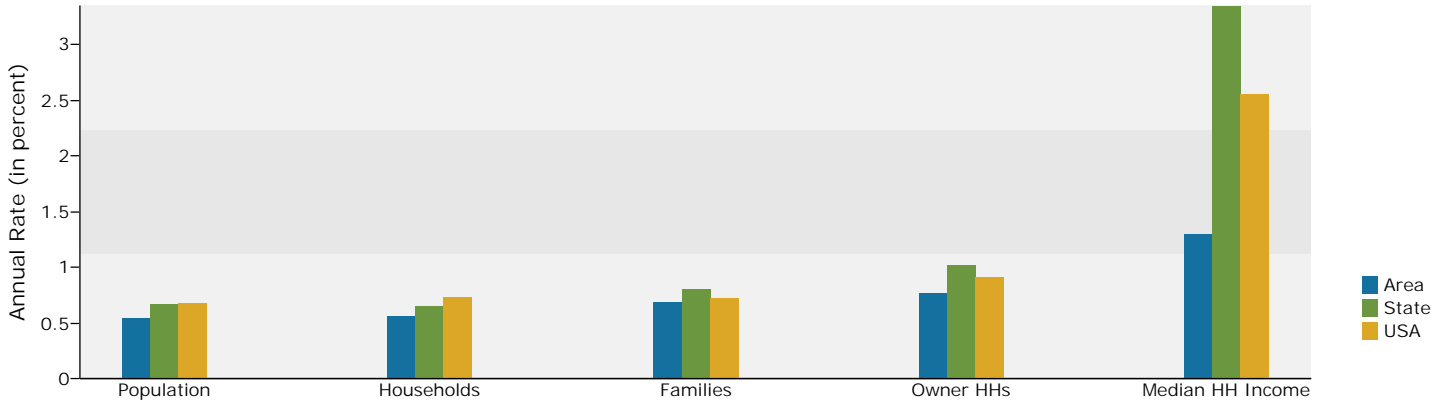


# Demographic and Income Profile

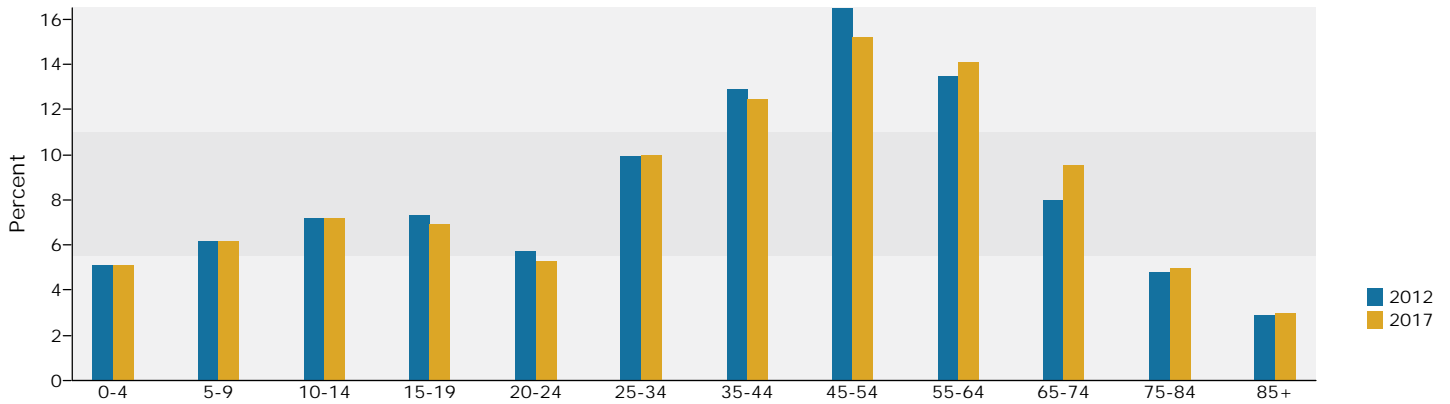
1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
 Ring: 5 mile radius

Prepared by Bradley LofgrenPRP  
 Latitude: 34.202500827  
 Longitude: -118.9246794

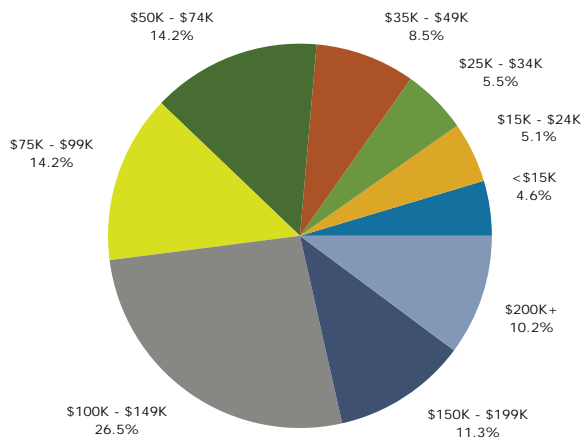
Trends 2012-2017



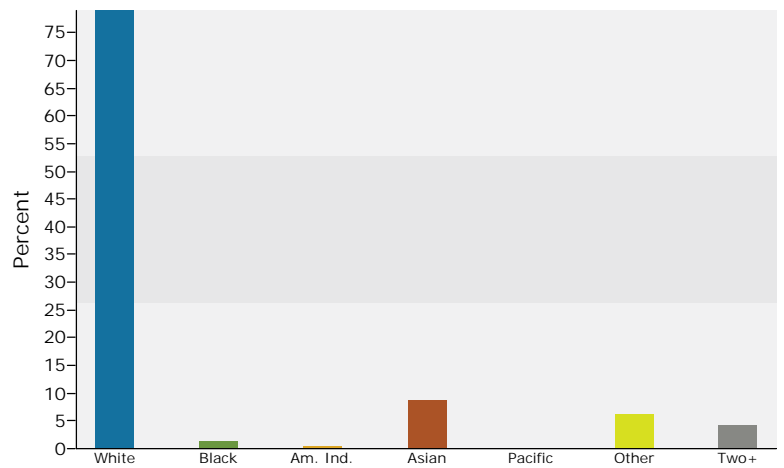
Population by Age



2012 Household Income



2012 Population by Race



2012 Percent Hispanic Origin: 18.9%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.





# Market Profile

Main Document Page 225 of 238

1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
Ring: 1 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

	1 mile	3 miles	5 miles
<b>Population Summary</b>			
2000 Total Population	3,307	51,025	121,898
2010 Total Population	4,162	52,755	131,193
2012 Total Population	4,284	53,138	131,874
2012 Group Quarters	0	1,357	1,928
2017 Total Population	4,537	54,706	135,459
2012-2017 Annual Rate	1.15%	0.58%	0.54%
<b>Household Summary</b>			
2000 Households	1,116	17,764	43,090
2000 Average Household Size	2.82	2.80	2.78
2010 Households	1,494	18,640	47,109
2010 Average Household Size	2.79	2.76	2.74
2012 Households	1,536	18,784	47,365
2012 Average Household Size	2.79	2.76	2.74
2017 Households	1,631	19,373	48,706
2017 Average Household Size	2.78	2.75	2.74
2012-2017 Annual Rate	1.20%	0.62%	0.56%
2010 Families	1,174	13,848	34,406
2010 Average Family Size	3.17	3.15	3.17
2012 Families	1,199	13,875	34,379
2012 Average Family Size	3.18	3.15	3.18
2017 Families	1,278	14,411	35,587
2017 Average Family Size	3.16	3.14	3.17
2012-2017 Annual Rate	1.28%	0.76%	0.69%
<b>Housing Unit Summary</b>			
2000 Housing Units	1,221	18,200	44,119
Owner Occupied Housing Units	64.0%	74.6%	76.1%
Renter Occupied Housing Units	27.4%	23.0%	21.6%
Vacant Housing Units	8.6%	2.4%	2.3%
2010 Housing Units	1,541	19,275	48,823
Owner Occupied Housing Units	66.5%	72.6%	72.1%
Renter Occupied Housing Units	30.4%	24.1%	24.3%
Vacant Housing Units	3.0%	3.3%	3.5%
2012 Housing Units	1,577	19,450	49,274
Owner Occupied Housing Units	64.8%	71.2%	70.6%
Renter Occupied Housing Units	32.7%	25.4%	25.5%
Vacant Housing Units	2.6%	3.4%	3.9%
2017 Housing Units	1,663	20,002	50,620
Owner Occupied Housing Units	66.1%	72.1%	71.4%
Renter Occupied Housing Units	31.9%	24.8%	24.8%
Vacant Housing Units	1.9%	3.1%	3.8%
<b>Median Household Income</b>			
2012	\$117,832	\$97,590	\$95,487
2017	\$121,245	\$102,383	\$101,878
<b>Median Home Value</b>			
2012	\$620,773	\$436,354	\$431,379
2017	\$630,570	\$471,451	\$468,956
<b>Per Capita Income</b>			
2012	\$48,417	\$39,754	\$40,210
2017	\$53,828	\$44,623	\$45,612
<b>Median Age</b>			
2010	40.2	41.2	41.6
2012	40.4	41.6	42.0
2017	40.4	42.2	42.6

**Data Note:** Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 02, 2013



## Market Profile

1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
 Ring: 5 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

	1 mile	3 miles	5 miles
<b>2012 Households by Income</b>			
Household Income Base	1,536	18,784	47,365
<\$15,000	2.1%	4.1%	4.6%
\$15,000 - \$24,999	2.3%	4.8%	5.1%
\$25,000 - \$34,999	1.5%	4.7%	5.5%
\$35,000 - \$49,999	4.4%	8.6%	8.5%
\$50,000 - \$74,999	12.2%	14.3%	14.2%
\$75,000 - \$99,999	9.5%	14.6%	14.2%
\$100,000 - \$149,999	36.2%	27.9%	26.5%
\$150,000 - \$199,999	19.1%	11.4%	11.3%
\$200,000+	12.8%	9.6%	10.2%
Average Household Income	\$134,935	\$111,048	\$110,687
<b>2017 Households by Income</b>			
Household Income Base	1,631	19,373	48,706
<\$15,000	1.7%	3.5%	4.0%
\$15,000 - \$24,999	1.6%	3.5%	3.7%
\$25,000 - \$34,999	1.0%	3.3%	3.9%
\$35,000 - \$49,999	3.3%	7.0%	6.9%
\$50,000 - \$74,999	10.7%	12.7%	12.4%
\$75,000 - \$99,999	11.5%	17.7%	17.2%
\$100,000 - \$149,999	35.9%	29.3%	27.9%
\$150,000 - \$199,999	20.8%	12.9%	12.8%
\$200,000+	13.5%	10.2%	11.0%
Average Household Income	\$149,600	\$124,775	\$125,598
<b>2012 Owner Occupied Housing Units by Value</b>			
Total	1,022	13,850	34,778
<\$50,000	0.1%	0.5%	0.4%
\$50,000 - \$99,999	0.5%	3.9%	3.6%
\$100,000 - \$149,999	0.9%	6.7%	5.5%
\$150,000 - \$199,999	0.7%	4.5%	4.3%
\$200,000 - \$249,999	0.9%	5.0%	5.5%
\$250,000 - \$299,999	1.7%	5.9%	6.8%
\$300,000 - \$399,999	3.9%	15.2%	17.6%
\$400,000 - \$499,999	11.8%	22.9%	20.6%
\$500,000 - \$749,999	61.3%	25.3%	24.1%
\$750,000 - \$999,999	16.2%	7.0%	7.8%
\$1,000,000 +	2.2%	3.1%	4.0%
Average Home Value	\$627,412	\$461,370	\$471,047
<b>2017 Owner Occupied Housing Units by Value</b>			
Total	1,100	14,422	36,137
<\$50,000	0.1%	0.2%	0.2%
\$50,000 - \$99,999	0.3%	1.9%	1.8%
\$100,000 - \$149,999	0.3%	3.3%	2.8%
\$150,000 - \$199,999	0.5%	3.8%	3.7%
\$200,000 - \$249,999	0.6%	4.1%	4.7%
\$250,000 - \$299,999	1.1%	3.9%	4.6%
\$300,000 - \$399,999	2.9%	11.7%	14.0%
\$400,000 - \$499,999	13.4%	29.4%	26.4%
\$500,000 - \$749,999	58.9%	28.9%	27.3%
\$750,000 - \$999,999	19.2%	8.6%	9.7%
\$1,000,000 +	2.7%	4.1%	4.8%
Average Home Value	\$646,050	\$512,493	\$518,095

**Data Note:** Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.



# Market Profile

1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
Ring: 5 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827  
Longitude: -118.9246794

	1 mile	3 miles	5 miles
<b>2010 Population by Age</b>			
Total	4,165	52,752	131,190
0 - 4	6.2%	5.1%	5.2%
5 - 9	7.9%	6.1%	6.3%
10 - 14	8.3%	7.1%	7.3%
15 - 24	10.2%	14.1%	13.2%
25 - 34	9.2%	10.0%	9.8%
35 - 44	17.0%	13.2%	13.3%
45 - 54	19.0%	16.8%	17.0%
55 - 64	11.9%	13.0%	12.9%
65 - 74	6.1%	7.9%	7.5%
75 - 84	3.0%	4.5%	4.8%
85 +	1.1%	2.2%	2.8%
18 +	72.7%	77.0%	76.4%
<b>2012 Population by Age</b>			
Total	4,285	53,139	131,873
0 - 4	6.2%	5.0%	5.1%
5 - 9	7.9%	6.1%	6.2%
10 - 14	8.2%	7.0%	7.2%
15 - 24	10.0%	13.8%	13.0%
25 - 34	9.4%	10.1%	9.9%
35 - 44	16.6%	12.8%	12.9%
45 - 54	18.4%	16.3%	16.5%
55 - 64	12.5%	13.6%	13.5%
65 - 74	6.5%	8.4%	8.0%
75 - 84	2.9%	4.5%	4.8%
85 +	1.3%	2.3%	2.9%
18 +	73.1%	77.4%	76.9%
<b>2017 Population by Age</b>			
Total	4,538	54,705	135,461
0 - 4	6.1%	5.0%	5.1%
5 - 9	7.9%	6.0%	6.2%
10 - 14	8.3%	7.0%	7.2%
15 - 24	9.5%	13.0%	12.2%
25 - 34	9.6%	10.1%	10.0%
35 - 44	16.2%	12.4%	12.5%
45 - 54	17.2%	15.0%	15.2%
55 - 64	13.0%	14.2%	14.1%
65 - 74	7.7%	10.1%	9.5%
75 - 84	3.0%	4.7%	5.0%
85 +	1.4%	2.4%	3.0%
18 +	73.2%	77.7%	77.1%
<b>2010 Population by Sex</b>			
Males	2,007	25,754	64,137
Females	2,155	27,001	67,056
<b>2012 Population by Sex</b>			
Males	2,074	26,004	64,623
Females	2,210	27,133	67,252
<b>2017 Population by Sex</b>			
Males	2,207	26,809	66,487
Females	2,330	27,897	68,972

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 02, 2013



# Market Profile

1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
Ring: 5 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827  
Longitude: -118.9246794

	1 mile	3 miles	5 miles
<b>2010 Population by Race/Ethnicity</b>			
Total	4,163	52,757	131,192
White Alone	68.8%	79.3%	79.9%
Black Alone	1.6%	1.4%	1.3%
American Indian Alone	0.1%	0.4%	0.5%
Asian Alone	22.7%	8.7%	8.4%
Pacific Islander Alone	0.2%	0.1%	0.1%
Some Other Race Alone	2.3%	6.1%	5.8%
Two or More Races	4.2%	3.9%	3.9%
Hispanic Origin	10.1%	17.3%	17.9%
Diversity Index	57.0	54.5	54.4
<b>2012 Population by Race/Ethnicity</b>			
Total	4,285	53,137	131,874
White Alone	67.6%	78.4%	79.0%
Black Alone	1.8%	1.5%	1.4%
American Indian Alone	0.2%	0.5%	0.5%
Asian Alone	23.2%	9.0%	8.7%
Pacific Islander Alone	0.2%	0.1%	0.1%
Some Other Race Alone	2.5%	6.4%	6.2%
Two or More Races	4.5%	4.1%	4.1%
Hispanic Origin	11.0%	18.3%	18.9%
Diversity Index	58.8	56.3	56.2
<b>2017 Population by Race/Ethnicity</b>			
Total	4,536	54,706	135,459
White Alone	64.9%	76.3%	76.8%
Black Alone	2.1%	1.8%	1.7%
American Indian Alone	0.2%	0.6%	0.6%
Asian Alone	24.7%	9.7%	9.5%
Pacific Islander Alone	0.3%	0.1%	0.1%
Some Other Race Alone	3.0%	7.0%	6.8%
Two or More Races	4.9%	4.5%	4.5%
Hispanic Origin	13.1%	20.7%	21.5%
Diversity Index	62.7	60.2	60.3
<b>2010 Population by Relationship and Household Type</b>			
Total	4,162	52,755	131,193
In Households	100.0%	97.4%	98.5%
In Family Households	90.5%	85.5%	86.0%
Householder	28.2%	26.0%	26.2%
Spouse	24.1%	21.3%	21.5%
Child	34.0%	31.2%	31.6%
Other relative	3.1%	4.1%	3.9%
Nonrelative	1.1%	2.9%	2.8%
In Nonfamily Households	9.5%	12.0%	12.5%
In Group Quarters	0.0%	2.6%	1.5%
Institutionalized Population	0.0%	0.3%	0.3%
Noninstitutionalized Population	0.0%	2.2%	1.2%

**Data Note:** Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 02, 2013



## Market Profile

1525 Rancho Conejo Blvd, Thousand Oaks, CA, 91320  
Ring: 5 mile radius

Prepared by Bradley LofgrenPRP

Latitude: 34.202500827

Longitude: -118.9246794

	1 mile	3 miles	5 miles
<b>2010 Households by Type</b>			
Total	1,493	18,640	47,109
Households with 1 Person	17.3%	19.9%	21.3%
Households with 2+ People	82.7%	80.1%	78.7%
Family Households	78.6%	74.3%	73.0%
Husband-wife Families	67.0%	60.8%	59.9%
With Related Children	36.9%	28.1%	27.8%
Other Family (No Spouse Present)	11.6%	13.5%	13.2%
Other Family with Male Householder	2.8%	4.2%	4.2%
With Related Children	1.5%	2.4%	2.3%
Other Family with Female Householder	8.8%	9.3%	9.0%
With Related Children	5.4%	5.1%	4.9%
Nonfamily Households	4.1%	5.8%	5.7%
All Households with Children	44.0%	36.0%	35.5%
Multigenerational Households	3.8%	4.0%	3.8%
Unmarried Partner Households	3.5%	4.4%	4.4%
Male-female	3.2%	3.9%	3.8%
Same-sex	0.3%	0.6%	0.6%
<b>2010 Households by Size</b>			
Total	1,495	18,642	47,110
1 Person Household	17.3%	19.9%	21.3%
2 Person Household	31.9%	32.3%	32.4%
3 Person Household	19.5%	18.4%	17.4%
4 Person Household	21.8%	17.3%	16.9%
5 Person Household	7.2%	7.3%	7.3%
6 Person Household	1.3%	2.8%	2.8%
7 + Person Household	1.0%	2.0%	1.9%
<b>2010 Households by Tenure and Mortgage Status</b>			
Total	1,494	18,640	47,109
Owner Occupied	68.6%	75.0%	74.8%
Owned with a Mortgage/Loan	60.4%	60.3%	60.5%
Owned Free and Clear	8.2%	14.7%	14.3%
Renter Occupied	31.4%	25.0%	25.2%

**Data Note:** Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017. Esri converted Census 2000 data into 2010 geography.

August 02, 2013

***Qualifications***



## **QUALIFICATIONS OF BRADLEY E. LOFGREN, MAI**

Principal  
PEREGRINE REALTY PARTNERS  
915 Wilshire Boulevard, Suite 2060  
Los Angeles, California 90017  
Phone: (213) 797-6211  
FAX: (213) 797-6241

### **EDUCATION**

University of California, Los Angeles, 1990  
Bachelor of Arts, History

#### Appraisal Institute Courses:

Real Estate Appraisal Principles	Standards of Professional Practice
Basic Valuation Procedures	Highest & Best Use & Market Analysis
Advanced Income Capitalization	Environmental Risks and the Real
Report Writing	Estate Appraisal Process
Introduction to Valuing Green	Business Practice and Ethics
Commercial Buildings	Introduction to International Valuation
Apartment Appraisal, Concepts & Application	Standards
Eminent Domain and Condemnation	

### **LICENSES/CERTIFICATIONS**

- Member, Appraisal Institute (ID#: 11510)
- California Certified General Real Estate Appraiser, No. AG022415
- Hawaii Certified General Real Estate Appraiser, No. CGA 660

### **EMPLOYMENT**

Peregrine Realty Partners Principal	2009 to Present
CB Richard Ellis, Inc. – Valuation & Advisory Services Senior Vice President	1997 - 2009
Cushman & Wakefield of California, Inc. - Appraisal Associate Director	1993 - 1997
CB Commercial Real Estate Group, Inc. - Appraisal Assistant Real Estate Analyst	1992 - 1993
Lambert Smith Hampton Commercial Real Estate Salesperson	1989 - 1992

**EXPERIENCE**

Appraisal and consulting experience includes the following types of properties:

- |                        |                          |
|------------------------|--------------------------|
| Automobile Dealerships | Land - Most Uses         |
| Residential Income     | Office Buildings         |
| Industrial Parks       | Industrial Buildings     |
| Leasehold Interests    | Shopping Centers         |
| Mixed Use Projects     | Regional Malls           |
| Golf Courses           | Proposed Developments    |
| Hotels                 | Residential Subdivisions |

Qualified as an expert witness in the Superior Courts of San Bernardino and Los Angeles counties and the U.S. Bankruptcy Court for the Central District of California (cases include Namco Capital Group and Meruelo Maddux Properties, Inc.), the Northern District of California and the Northern District of Illinois.

**PARTIAL LIST OF SIGNIFICANT RETAIL VALUATION ASSIGNMENTS**

<b><u>REGIONAL MALLS</u></b>	<b><u>COMMUNITY CENTERS</u></b>	<b><u>FREESTANDING RETAIL</u></b>
Manhattan Village	Plaza at Puente Hills	Home Depot (Various)
Fashion Square S.O.	Peninsula Center	Sam's Club Gardena
The Oaks Mall	Moorpark Marketplace	Hustler Casino
Mall of Victor Valley	Five Points Shopping Center	Walgreen's (Various)
Southbay Pavilion at Carson	Granada Village	Ralph's Grocery (Various)
Moreno Valley Mall	Twin Oaks	Movie Theaters
Fallbrook Mall	<b><u>SPECIALTY CENTERS</u></b>	Office Depot (Various)
Northridge Fashion Center	8000 Sunset	Fast Food Restaurants
Sunnyvale Town Center	Hollywood & Highland	House of Blues (West Hollywood)
La Cumbre Plaza	Rodeo Plaza	Automobile Dealerships (Various)

**PARTIAL LIST OF SIGNIFICANT OFFICE VALUATION ASSIGNMENTS**

<b><u>DOWNTOWN LOS ANGELES</u></b>	<b><u>BEVERLY HILLS</u></b>	<b><u>CENTURY CITY</u></b>
801 S. Tower	9701 Wilshire	1880 Century Park east
MCI Center	9555 Wilshire	1888 Century Park East
660 S. Figueroa	Wilshire Rodeo	MGM Plaza
Arco Plaza	9465 Wilshire	<b><u>WEST LOS ANGELES</u></b>
444 South Flower	9440 Santa Monica	Water Garden 1
Pacific Center	Beverly Mercedes Place	Yahoo! Plaza
Union Bank Plaza	Maple Plaza	Landmark II
Gas Company Tower	331 Maple	808 Wilshire
333 S. Hope	401 Maple	Portofino Plaza
Figueroa Plaza	<b><u>ORANGE COUNTY</u></b>	Piazza Del Sol
International Tower	18581 Teller	9000 Sunset
707 Wilshire	1201 Dove Street	9911 W. Pico
818 W. 7 <sup>th</sup> Street	18301 Von Karman	520 Broadway
One Bunker Hill	2600 Michelson	10850 Wilshire
Fine Arts Building	Redstone Plaza	9201 Sunset
Pacific Mutual Building	Main Plaza	Sunset Media Tower

**PARTIAL LIST OF SIGNIFICANT RESIDENTIAL VALUATION ASSIGNMENTS**

Aviara Lane at Victoria Estates	Famoso Ranch	Montessoro at Borrego Ranch
Glendale 5	Proposed Summerland Apartments	Eagle Ridge
The Parks at Monrovia Station	Mountain Springs	Vaca Ranch
9900 Wilshire Boulevard	8th & Grand	Pacific View Ranch
9247 Cedros Avenue	9200 Wilshire	Montebello Hills
Wilcox Lofts	Borrego Springs	



**PARTIAL LIST OF SIGNIFICANT HAWAII VALUATION ASSIGNMENTS**

**RETAIL PROPERTIES**

The Shops at Wailea  
Whaler's Village  
King's Shops  
Piilani Shopping Center  
Kauai Village Shopping Center  
Waikiki Galleria Tower  
Poipu Shopping Village  
Westridge Shopping Center  
Waikele Shopping Center  
Princeville Shopping Center  
Queens' Marketplace (Proposed)  
Town Center Mililani

**LAND**

404 Piikoi  
269-Acres Mililani  
15,000-Acres – Waikoloa  
9.65 Acres Waipahu  
Ford Island Residential Development  
Hawaii Raceway

**HOTELS**

Four Seasons Hualalai  
The Orchid at Mauna Lani  
Pacific Beach Hotel  
Ilikai Hotel  
Aloha Beach Resort  
Kauai Beach Resort  
Royal Garden Hotel  
King Kam Hotel

**GOLF COURSES**

Ko'olau Golf Course  
Waimea Country Club  
Kona Country Club

**INDUSTRIAL PROPERTIES**

ICI Paint Shopping Center  
840 Kawaiahao Ofc./Whse. Bldg.  
Lagoon View Industrial Center  
Komohana Park  
Kalihi Kai Industrial

**OFFICE BUILDINGS**

Waterfront Plaza  
Davies Pacific Center  
Pan Am Building  
1132 Bishop  
Harbor Court  
1211 Kapiolani Ofc. Bldg.  
First Insurance Center  
St. Francis Medical Center  
One Main Plaza  
East Kauai Professional Bldg.  
Bishop Square

**APARTMENT BUILDINGS**

Hickam AFB  
The Palms at Kilani Apts.  
Piilani Gardens  
Maunakea Apartments  
Makai Apartments  
Royal Kunia Island Club  
Oasis at Waipahu

**PARTIAL LIST OF LITIGATION ASSIGNMENTS**

**PARTIES**

Mauerhan et al vs. Disney  
Cape Horn Group vs. Bloom Hergott  
Blackstone vs. Liner  
Douglass Emmett vs. Richman Family  
Kamehameha Schools vs. Stoebner Family  
Horton Properties LLC vs. Wilshire Westwood Plaza LLC  
Kevin Green vs. Harvey Bookstein  
6th and Olive vs. Oviatt Investment Group LLC  
Robert S. Anderson vs. Oppenheim  
Pacific Gateway vs. San Diego Unified Port District  
Wells Fargo Bank, et al vs. Meruelo Maddux Properties, Inc.

**DISPUTE**

Ground Rent Reset  
Fair Market Rent  
Fair Market Rent  
Market Land Value  
Ground Rent Reset  
Ground Rent Reset  
Market Value  
Impairment due to Lis Pendens  
Ground Rent Reset  
Ground Rent Reset  
Bankruptcy Proceeding

**PARTIAL LIST OF CLIENTS**

Allen Matkins et al  
ASB Capital Management  
Bank of Hawaii  
Castle & Cooke, Inc  
Citigroup Global Markets.  
Citigroup Principal Investments  
Deutsche Banc  
DLA Piper  
EuroHypo – AG  
First Hawaiian Bank

FowlerFlanagan Partners  
GE Real Estate  
George Smith Partners  
Heitman  
Helaba  
Internal Revenue Service  
JP Morgan Mortgage Capital, Inc.  
Kamehameha Schools  
Kearny Capital Partners  
Keybank National Association  
LaSalle Bank N.A

L&B Realty Advisors  
Morgan Stanley Capital, Inc.  
OXY, Inc.  
PNC/ARCS  
RBS Global Banking  
TIAA/CREF  
Transpacific Mortgage Group  
Union Planters Bank  
Wachovia Bank N.A.  
Wells Fargo Bank

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 10250 Constellation Blvd., Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document DISCLOSURE STATEMENT AND PLAN OF REORGANIZATION FOR JOINTLY ADMINISTERED DEBTORS, DATED OCTOBER 15, 2013 will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On October 15, 2013, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:** On October 15, 2013 I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Securities Exchange Commission  
5670 Wilshire Boulevard  
11th Floor  
Los Angeles, CA 90036

Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served):** Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on October 15, 2013 I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

Via Attorney Service  
The Honorable Alan Ahart  
U.S. Bankruptcy Court  
21041 Burbank Blvd.  
Woodland Hills, CA 91367

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

October 15, 2013  
Date

Jason Klassi  
Printed Name

/s/ Jason Klassi  
Signature

Katherine Bunker on behalf of U.S. Trustee United States Trustee (SV)  
kate.bunker@usdoj.gov

John-patrick M Fritz on behalf of Debtor ARI-RC 1, LLC  
jpf@lnbrb.com

John-patrick M Fritz on behalf of Debtor ARI-RC 10, LLC  
jpf@lnbrb.com

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jpf@lnbrb.com

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jpf@lnbrb.com

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jpf@lnbrb.com

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jpf@lnbrb.com

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jpf@lnbrb.com

John-patrick M Fritz on behalf of Debtor ARI-RC 6, LLC  
jpf@lnbrb.com

John-patrick M Fritz on behalf of Debtor ARI-RC 7, LLC  
jpf@lnbrb.com

John-patrick M Fritz on behalf of Debtor ARI-RC 8 LLC  
jpf@lnbrb.com

Mary D Lane on behalf of Interested Party Courtesy NEF  
mal@msk.com, mec@msk.com

Jennifer L Nassiri on behalf of Creditor U.S. Bank National Association, as Trustee for the Registered Holders of ML-CFC Commercial Mortgage Trust 2007-5, Commercial Mortgage Pass-Through Certificates, Series 2007-5, by and through CWCcapital  
jnassiri@venable.com

Keith C Owens on behalf of Creditor U.S. Bank National Association, as Trustee for the Registered Holders of ML-CFC Commercial Mortgage Trust 2007-5, Commercial Mortgage Pass-Through Certificates, Series 2007-5, by and through CWCcapital  
kowens@venable.com, bclark@venable.com;khoang@venable.com

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dhr@lnbyb.com

Daniel H Reiss on behalf of Debtor ARI-RC 4, LLC  
dhr@lnbyb.com

Daniel H Reiss on behalf of Debtor ARI-RC 5, LLC

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This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

dhr@lnbyb.com

Daniel H Reiss on behalf of Debtor ARI-RC 6, LLC  
dhr@lnbyb.com

Daniel H Reiss on behalf of Debtor ARI-RC 7, LLC  
dhr@lnbyb.com

Daniel H Reiss on behalf of Debtor ARI-RC 8 LLC  
dhr@lnbyb.com

S Margaux Ross on behalf of U.S. Trustee United States Trustee (SV)  
margaux.ross@usdoj.gov

United States Trustee (SV)  
ustpregion16.wh.ecf@usdoj.gov