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UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

SAN FERNANDO VALLEY DIVISION

In re CHATSWORTH INDUSTRIAL PARK, LP, Debtor.	**Bk. No. 1:09-bk-27368-MT** In a Case Under Chapter 11 of the Bankruptcy Code (11 U.S.C. § 1101 et seq.) **DEBTOR'S THIRD AMENDED CHAPTER 11 PLAN** **Plan Confirmation Hearing** Date: May 24, 2012 Time: 9:30 a.m. Ctrm: 302 21041 Burbank Blvd. Woodland Hills, CA 91367

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EXHIBITS

I.

INTRODUCTION

Chatsworth Industrial Park, LP is the Debtor in this Chapter 11 bankruptcy case. The Debtor commenced this case by filing its chapter 11 petition under the United States Bankruptcy Code ("Code"), 11 U.S.C. § 101 et seq., on December 23, 2009. This document is the Third Amended Chapter 11 Plan ("Third Amended Plan" or "Plan") proposed by the Debtor ("Plan Proponent").

This is a reorganizing plan. In other words, the Proponent seeks to accomplish payments under the Plan by making lump sum payments to its allowed creditors on the Effective Date as follows. The Debtor has obtained a source of funding, Adler Realty Investments, Inc. ("ARI"), which intends to, and is ready, willing and able to, partner up with the Debtor and provide funds to cure the loan to its secured creditor, CSFB 2003-C4 Nordhoff Limited Partnership ("CSFB") in full pursuant to the relevant provisions of the Bankruptcy Code, pay unsecured creditors in full, and pay administrative claims in full, all on the Effective Date of the Plan, in such amounts as are mutually agreed to by the parties or ultimately determined by the Court, pursuant to a confirmed plan of reorganization, in exchange for a majority equity interest in and control over the Debtor by ARI controlled entities.[1]

[1]As reflected in Exhibit 1(A) referred to immediately below, upon consummation of the transaction the new General Partner of the Debtor will be ARI Chatsworth Management, LLC, of which ARI is the Manager. The new majority Limited Partner of the Debtor will be ARI Chatsworth Investment, LLC, of which ARI Chatsworth Management, LLC is the Manager. The new minority limited partner will be Sharon Boyar, Individually and as Trustee of the Sharon Boyar Trust.

Attached and incorporated herein as Exhibit "1" as if fully set forth herein, is a true and correct copy of the executed Revised Agreement for Capital Investment and Loan ("Investment Agreement") entered into with ARI through which ARI will fund the Plan and acquire its equity interests in the Debtor limited partnership. Attached to the Investment Agreement as Exhibits "A" through "C," respectively, and incorporated herein as if fully set forth herein, are true and correct copies of the executed Amended and Restated Limited Partnership Agreement, Promissory Note by Sharon Boyar, and Pledge Agreement. Attached hereto as Exhibit "2" is a summary of ARI's background. See attached Declaration of Michael A. Adler ("Adler Decl"), and Exhibits "1" and "2" thereto.[2]

As a result of the foregoing, all classes of claims under the Third Amended Plan are rendered unimpaired and hence deemed to have accepted the Plan.

The Effective Date of the proposed Plan is the day the confirmation order becomes final (such finality to occur on the first business day which is at least fifteen (15) days following entry of the order, assuming there has been no appeal from and/or order staying the effectiveness of the order before then). The Debtor estimates that the Effective Date will be between June 8,

[2]As noted above, ARI is willing, ready, and able to cure CSFB's loan in a lump-sum on the Effective Date as well as make the other required payments to unsecured and administrative claimants. Indeed, in a reflection of the seriousness of its intent and ability to provide the required funds, ARI paid CSFB a $16,500.00 "underwriting fee" on or about March 30, 2012, provided much information and documentation to CSFB that same day, and thereafter provided CSFB with proof of funds and other information, all at CSFB's request, with a view towards obtaining CSFB's consent to its partnership with the Debtor. See Adler Decl.

2012 and June 15, 2012 depending on the entry date of the order confirming the Plan. The Debtor, following the Effective Date, will be referred to as the "Reorganized Debtor."

II.

CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. General Overview

As required by the Bankruptcy Code, the Plan classifies claims and interests in various classes according to their right to priority of payments as provided in the Bankruptcy Code. The Plan states whether each class of claims or interests is impaired or unimpaired. The Plan provides the treatment each class will receive under the Plan.

B. Unclassified Claims

Certain types of claims are not placed into voting classes; instead they are unclassified. They are not considered impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Proponent has <u>not</u> placed the following claims in a class. The treatment of these claims is provided below.

1. Administrative Expenses

Administrative expenses are claims for costs or expenses of administering the Debtor's Chapter 11 case which are allowed under Code Section 507(a)(1). The Code requires that all administrative claims be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists all of the Debtor's § 507(a)(1) administrative claims and their treatment under this Plan:

Name	Amount Owed	Treatment
Caceres & Shamash, LLP ("C & S, LLP"), Debtor's Reorganization Counsel	$150,000.00 (est. after retainer remaining on pet. date; less any interim fees previously paid, if any)	Paid in full on Effective Date (after Court approval of Fee Application), unless claimant agrees to a different treatment.
Creim, Macias, Koenig & Frey, LLP ("CMKF"), Debtor's Special Counsel	$75,000.00 (est.; less any interim fees previously paid, if any)	Paid in full on Effective Date (after Court approval of Fee Application), unless claimant agrees to a different treatment.
Henry Sanders Accountancy Corp. ("Sanders"), Debtor's Accountant	$30,000.00 (est.; less any interim fees previously paid, if any)	Paid in full on Effective Date (after Court approval of Fee Application), unless claimant agrees to a different treatment.
Clerk's Office Fees	$0 (est.)	Paid in full on Effective Date
Office of the U.S.	$1,950 (est.)	Paid in full on Effective Date
TOTAL	$256,950.00	

Court Approval of Fees Required:

The Court must rule on all fees listed in this chart before the fees will be owed. For all fees except Clerk's Office fees and U.S. Trustee's fees, the professional in question must file and serve a properly noticed fee application and the Court must rule on the application. Only the amount of fees allowed by the Court will be owed and required to be paid under this Plan. The debtor will also pay all post-confirmation quarterly fees due to the U.S. Trustee under 28 U.S.C. § 1930(a)(6) until the case is dismissed, converted, or closed.

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2. Priority Tax Claims

Priority tax claims are certain unsecured income, employment and other taxes described by Bankruptcy Code Section 507(a)(8). The Code requires that each holder of such a 507(a)(8) priority tax claim receive the present value of such claim in deferred cash payments, over a period ending not later than five years after the date of the order for relief, unless the claimant has agreed to a different treatment.

Priority tax claims under § 507(a)(8) and their treatment under this Plan are set forth in the following chart:

Description	Amount Owed	Treatment
● Name = Franchise Tax Board ● Type of Tax = minimum franchise tax for period ended 12/31/09 as per filed proof of claim	$800.00	● Pymt interval =Lump Sum on Effective Date (or as soon as practicable thereafter), unless previously paid

C. Classified Claims and Interests

1. Classes of Secured Claims

Secured claims are claims secured by liens on property of the estate. The following chart lists all classes containing Debtor's secured pre-petition claims and their treatment under this Plan:

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CLASS#	DESCRIPTION	INSIDERS (Y/N)	IMPAIRED (Y/N)	TREATMENT
1	**Secured Claim of:** CSFB 2003-C4 Nordhoff Limited Partnership / Keybank ("CSFB") **Collateral Description:** Chatsworth Properties as described in 2nd Amended Disclosure Statement **Collateral Value:** Approx. $12,000,000 **Priority of Security Int.:** First Priority **Maturity Date:** August 1, 2013 **Principal Owed:** Allegedly *$6,932,998.42* as of 4/1/12 per CSFB "Bring Current Statement" **Pre and Post-Petition Arrearages as of 4/1/12:** Allegedly ***$1,332,509.59*** as of 4/1/12 per CSFB "Bring Current Statement," not including alleged default interest or late fees, broken down as follows: • *$196,204.55 principal;* • *$664,874.55 interest;* • *$114.00 annual SPE fee;* • *$11,500.00 appraisal;* • *$125.00 inspection fee;* • *$443.53 other charges;* • *$2,522.00 title expense;* • *$330,167.96 att. fees;* • *$126,558.00 escrow reserve (Dtr paid 4/12 prop tax installment directly, hence amount owed reduced by apx. $50,250)** *[*Escrow calculated as follows: Tax-$43,130; Ins-$4,192; Tenant Res-$56,104; Replacement Res-$19,612; Misc Res-$3,520]*	N	Not Impaired: Claims in this class are not entitled to vote on the Plan; class is deemed to have accepted the Plan	****Treatment of Lien:** CSFB's lien shall remain in place unmodified. ****Treatment of Pre and Post-Pet. Arrears:** Debtor will cure the loan delinquency on the CSFB Note (as detailed in the column at left) in a lump sum on the Effective Date of the Plan, after which Debtor will continue to make regular monthly payments according to the CSFB Note. ****Existing Escrow/Reserve Accounts:** Any deficiency in the existing escrow/reserve accounts (as detailed in the column at left) shall be cured on the Effective Date of the Plan, and such accounts shall not be altered by the Plan, such that Debtor will continue paying into such accounts if and as required. ****Additional Provisions:** (i) The treatment hereunder with respect to arrears and/or defaults on the Note and/or Deed of Trust shall be without recognition of any default rate of interest or late fees, such that any default interest and late fees shall be deemed cured and waived on the Effective Date. Any and all non-monetary defaults shall also be deemed cured and waived on the Effective Date, no default shall exist, and the Note shall be reinstated to its original maturity date as it existed before any default. (ii) The figures utilized herein for arrears and other amounts owed (as detailed in the column at left) are subject to revision upon proof and/or order of the Court, and CSFB shall provide an accounting of all such figures and/or amounts it claims are owed unless the parties reach agreement on such figures. Debtor reserves the right to challenge any and all said figures or any other amount that may be claimed by CSFB, but Debtor shall reserve sufficient funds on the Effective Date to pay any such amounts ultimately allowed by the Court. (iii) Any defenses, counterclaims, rights of offset or recoupment of the Debtor or Estate with respect to the Claim, Note, Deed of Trust or other loan documents of CSFB shall vest in, and inure to the benefit of, the Reorganized Debtor, and Debtor reserves the right to object to the claim of or any amounts sought by CSFB and/or seek an accounting thereof as it deems appropriate. (iv) Debtor reserves the right to refinance or sell the property following the Effective Date and pay off CSFB's Note, whether by sale, refinance, or otherwise, and reserves the right to object to any prepayment penalty or other amounts CSFB may claim at said time.

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and (7) are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the Code requires that each holder of such a claim receive cash on the Effective Date equal to the allowed amount of such claim. However, a class of unsecured priority claim holders may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claims.

None - The Debtor is not aware of any claims against the estate that would qualify as priority unsecured claims under Code Sections 507(a)(3), (4), (5), (6), and (7), and hence none is being paid through this Plan.

3. Class of General Unsecured Claims

General unsecured claims are unsecured claims not entitled to priority under Code Section 507(a). The following chart identifies this Plan's treatment of the class containing all of Debtor's general unsecured claims:

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CLASS#	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT	
2	Allowed General unsecured claims **Total amt of allowed claims = $85,062.34 or less depending on outcome of any objections to claims	Not Impaired: Claims in this class are not entitled to vote on the Plan; class is deemed to have accepted the Plan	**Pymt interval:** **Pymt amt/interval:** **Begin Date:** **End Date:** **Interest rate %** **Total payout $$** **Total payout %** **Debtor reserves right to challenge any and all claims in this class or maintain any pending objections, but Debtor shall reserve sufficient funds on the Effective Date to pay any such claims ultimately allowed by the Court.	=Lump sum on Effective Date =Lump sum of up to est. $85,864.71 depending on outcome of any objections to claims** Effective Date Effective Date = 0.37% (Federal Judgment Rate on Petition Date) = Up to $85,864.71 est.** = 100% + interest

4. Class(es) of Interest Holders

Interest holders are the parties who hold ownership interest (i.e., equity interest) in the Debtor. If the Debtor is a corporation, entities holding preferred or common stock in the Debtor are interest holders. If the Debtor is a partnership, the interest holders include both general and limited partners. If the Debtor is an individual, the Debtor is the interest holder. The following chart identifies this Plan's treatment of the class of interest holders:

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CLASS#	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
3	Interest Holders [Currently consisting of: (1) Boyar Management Corp. as 1% General Partner; and (2) Sharon Boyar Trust U/D/T 12/14//98, as amended and restated on 2/6/99, and as further amended on 4/9/03, as 99% Limited Partner]	Impaired: Holders in this class are entitled to vote on the Plan	Current equity interests will be canceled and replaced by new equity interest holders on the Effective Date of the Plan, as set forth in the Amended and Restated Limited Partnership Agreement attached as Exhibit 1(A) hereto - the new General Partner of the Debtor will be ARI Chatsworth Management, LLC. The new majority Limited Partner of the Debtor will be ARI Chatsworth Investment, LLC. The new minority Limited Partner will be Sharon Boyar, individually and as Trustee of the Sharon Boyar Trust. .

D. Means of Performing the Plan

1. Funding for the Plan

The Plan will be funded by ARI as set forth in Section I above, pages 1-2. See also Adler Decl. and Exhibits "1" and "2" thereto.

2. Post-confirmation Management

As set forth in Section I above, pages 1-2, upon consummation of the transaction contemplated by this Plan the new General Partner of the Debtor will be ARI Chatsworth Management, LLC, of which ARI is the Manager. The new Limited Partner of the Debtor will be ARI Chatsworth Investment, LLC, of which ARI Chatsworth Management, LLC is the Manager. Hence, ARI Chatsworth Management, LLC will manage the Debtor's affairs post-confirmation and Sharon Boyar will be a minority limited partner. Neither Sharon Boyar nor her son Alan Smokler will participate in the management of the Debtor post-confirmation (currently, Sharon

Boyar is managing the Debtor; she is the President & Sole Shareholder of Boyar Management Corp., which is currently the Debtor's 1% General Partner, and the Sharon Boyar Trust is currently its 99% Limited Partner).

3. Disbursing Agent

ARI will serve as disbursing agent for the purpose of making all distributions provided for under the Plan. The Disbursing Agent shall serve without bond and shall receive no compensation or reimbursement of expenses for distribution services rendered.

4. Post-Confirmation Actions and Objections to Claims

Following confirmation, Debtor or Reorganized Debtor, as the case may be, reserves the right to assert, pursue, or settle any actions belonging to the Debtor or estate, and to file objections to all claims for which it believes grounds exist. Moreover, Debtor or Reorganized Debtor will have the authority, in its sole discretion, to settle or compromise any claim without further notice or Court approval. The Debtor or Reorganized Debtor will have the authority to file or pursue such objections to claims as may have already been filed following the confirmation of the Plan, and the Court shall retain jurisdiction over the Debtor, the Reorganized Debtor and the Case to resolve any actions or objections to claims following the confirmation of the Plan.

In the event Debtor disputes the allowance, in whole or in part, of any claim on or after the Effective Date, the Debtor will place into a segregated account that amount of money, if any, which would have been distributed to such claim holder at such time, had such claim been allowed in the amount asserted by such claim holder, or such amount as ordered by the Court. If

Debtor or Reorganized Debtor ultimately objects to a claim and prevails in whole, the Debtor may place any segregated funds applicable to that claim into its general account. If Debtor or Reorganized Debtor ultimately objects to a claim and prevails in part or does not prevail, then distributions shall be made to said claimant based on the allowed amount of its claim, pursuant to the treatment set forth in this Plan. The Debtor or the Reorganized Debtor shall be required to file all objections to claims within sixty days following the Effective Date. This deadline may be extended by the Court for cause.

III.

TREATMENT OF MISCELLANEOUS ITEMS

A. Executory Contracts and Unexpired Leases

1. Assumptions

The following are the unexpired leases and executory contracts to be assumed as obligations of the reorganized Debtor under this Plan (see Exhibit 3 for more detailed information on leases to be assumed): The Debtor will assume the following 7 tenant leases - PTM, Inc. (21051 Osborne); Viaquest, Inc. (21026 Nordhoff); Solutia, Inc. (21019 Osborne); Solutia, Inc. (21025 Osborne); Solutia, Inc. (21029 Osborne); K-Bros. Industries (21021 Osborne); and Works Performance (21045 Osborne).

On the Effective Date, each of the unexpired leases and executory contracts listed above shall be assumed as obligations of the reorganized Debtor. The Order of the Court confirming the Plan shall constitute an Order approving the assumption of each lease and contract listed above. If you are a party to a lease or contract to be assumed and you object to the assumption of

your lease or contract, you must file and serve your objection to the Plan by May 10, 2012.

2. Rejections

On the Effective Date, the following executory contracts and unexpired leases will be rejected: none.

B. Changes in Rates Subject to Regulatory Commission Approval

The Debtor is not subject to governmental regulatory commission approval of any rates.

C. Retention of Jurisdiction.

The Court will retain jurisdiction to the extent provided by law. See also Section {II.D.4.} above regarding post-confirmation actions and objections to claims.

IV.

EFFECT OF CONFIRMATION OF PLAN

A. Discharge

This Plan provides that upon confirmation of the Plan, Debtor shall be discharged of liability for payment of debts incurred before confirmation of the Plan, to the extent specified in 11 U.S.C. § 1141. However, the discharge will not discharge any liability imposed by the Plan.

B. Revesting of Property in the Debtor

Except as provided in Section {IV.F.}, and except as provided elsewhere in the Plan, the confirmation of the Plan revests all of the property of the estate in the Debtor.

C. Modification of Plan

The Proponent of the Plan may modify the Plan at any time before confirmation. However, the Court may require a new disclosure statement and/or revoting on the Plan if proponent

modifies the plan before confirmation.

The Proponent of the Plan may also seek to modify the Plan at any time after confirmation so long as (1) the Plan has not been substantially consummated and (2) if the Court authorizes the proposed modifications after notice and a hearing.

D. Post-Confirmation Status Report

Within 120 days of the entry of the order confirming the Plan or within such time as may be fixed by the Court, the Plan Proponent shall file a status report with the Court explaining what progress has been made toward consummation of the confirmed Plan. The status report shall be served on the United States Trustee, the twenty largest unsecured creditors, and those parties who have requested special notice. Further status reports shall be filed every 120 days or within such time as may be fixed by the Court and served on the same entities.

E. Quarterly Fees

Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to date of confirmation shall be paid to the United States Trustee on or before the effective date of the plan. Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) after confirmation shall be paid to the United States Trustee in accordance with 28 U.S.C. § 1930(a)(6) until entry of a final decree, or entry of an order of dismissal or conversion to chapter 7.

F. Post-Confirmation Conversion/Dismissal

A creditor or party in interest may bring a motion to convert or dismiss the case under § 1112(b), after the Plan is confirmed, if there is a default in performing the Plan. If the Court orders the case converted to Chapter 7 after the Plan is

confirmed, then all property that had been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will revest in the Chapter 7 estate, and the automatic stay will be reimposed upon the revested property only to the extent that relief from stay was not previously granted by the Court during this case.

G. Final Decree

Once the estate has been fully administered as referred to in Bankruptcy Rule 3022, the Plan Proponents, or other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case.

Dated: April 24, 2012

CHATSWORTH INDUSTRIAL PARK, L.P.,
Debtor and Debtor-in Possession

Sharon Boyar

By: Sharon Boyar, President of Boyar Management Corp., Debtor's Gen. Partner

CACERES & SHAMASH, LLP

/s/ Joseph E. Caceres

By: Joseph E. Caceres, Esq.
Attorneys for Plan Proponent

DECLARATION OF SHARON LYNNE BOYAR

I, Sharon Lynne Boyar, do hereby declare as follows:

1. I am the President and sole shareholder of Boyar Management Corp., the Debtor's General Partner. As the Debtor's principal and manager, I am familiar with its finances and situation. I have personal knowledge of the matters set forth in this declaration, except where stated to be on information and belief, and if called to testify I could and would testify competently thereto.

2. I make this declaration in support of this Third Amended Plan.

3. To the best of my knowledge, information, and belief, all of the information contained in the Third Amended Plan, including as set forth in the attached Declaration of Michael A. Adler ("Adler Decl"), is truthful and accurate.

4. Attached as Exhibit "1" hereto is a true and correct copy of the executed Revised Agreement for Capital Investment and Loan ("Investment Agreement") entered into with ARI through which ARI will fund the Plan and acquire its equity interests in the Debtor limited partnership. Attached to the Investment Agreement as Exhibits "A" through "C," respectively, are true and correct copies of the executed Amended and Restated Limited Partnership Agreement, Promissory Note by Sharon Boyar, and Pledge Agreement. See also attached Adler Decl.[3]

[3]As noted herein, ARI is willing, ready, and able to cure CSFB's loan in a lump-sum on the Effective Date as well as make the other required payments to unsecured and administrative claimants. Indeed, in a reflection of the seriousness of its intent and ability to provide the required funds, I am informed and believe ARI paid CSFB a $16,500.00 "underwriting fee" on or about March 30, 2012, provided

5. Attached as Exhibit "3" hereto is a true and correct list of leases to be assumed as obligations of the reorganized Debtor under this Third Amended Plan.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 24, 2012 at Beverly Hills, California.

Sharon Lynne Boyar

much information and documentation to CSFB that same day, and thereafter provided CSFB with proof of funds and other information, all at CSFB's request, with a view towards obtaining CSFB's consent to its partnership with the Debtor. See Adler Decl.

DECLARATION OF MICHAEL S. ADLER, MAI, CPM

I, Michael S. Adler, declare:

1. I am the President and founder of Adler Realty Investments, Inc., a California corporation ("ARI"), with offices at 20951 Burbank Boulevard, Suite B, in Woodland Hills, California 91367. The following facts are known to me of my own personal knowledge and if called as a witness I could and would competently testify as follows:

2. I have been asked to submit this Declaration to advise the Court of ARI's background and the pending transaction by which ARI has agreed with Ms. Sharon Boyar ("Boyar") to make a capital contribution to and investment in Chatsworth Industrial Park, L.P., a California limited partnership, the Debtor and Debtor in Possession ("Debtor").

3. On or about February 20, 2012, ARI entered into an agreement with Boyar to make a capital investment into the Debtor in exchange for an equity interest in the Debtor. That agreement was subsequently amended by the "Revised Agreement for Capital Investment and Loan," dated as of March 21, 2012 (the "Investment Agreement"). The Investment Agreement contemplates that, among other things, ARI would make a capital infusion into the Debtor, and that the parties would enter into an Amended and Restated Limited Partnership Agreement for Chatsworth Industrial Park, L.P., with ARI to assume management of the Debtor, and that ARI would make a personal loan to Boyer secured by a pledge of her partnership interest in the Debtor.

4. A true and correct copy of the Investment Agreement is attached hereto as Exhibit 1, and attached to the Investment Agreement as Exhibits A, B and C, respectively, are true and correct copies of the executed Amended and Restated Limited Partnership Agreement of Chatsworth Industrial Park, L.P. (Exhibit A), the Promissory Note executed by Sharon Boyar (Exhibit B), and the Pledge of Partnership Interests and Security Agreement (Exhibit C).

5. The Investment Agreement, as updated on March 21, 2012, contemplated a capital infusion from ARI to the Debtor of the amounts projected to cure all defaults of the

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Lender, as well as all other claims of the Debtor, and allocated the percentage equity holdings in the Debtor between ARI and Boyar. The Investment Agreement may be updated in the future to reflect any additional amounts required to cure the defaults, and the consequent reallocation of the equity percentages between ARI and Boyar.

6. ARI anticipates that it will contribute sufficient capital to the Debtor to pay all the outstanding arrearages and cure all outstanding defaults, and pay all claims against the Debtor, as such amounts are mutually agreed by the parties or ultimately determined by the Court, pursuant to a confirmed plan of reorganization.

BACKGROUND / ARI

7. Adler Realty Investments, Inc. – ARI – is a privately owned real estate development and management company with over $500 million in acquisitions since its inception in 1996. ARI's current real estate portfolio consists of more than 2.3 million square feet of office, retail, industrial and multi-family residential properties as well as land development in California, Arizona, Colorado and Texas.

8. ARI has a long and proven history of acquiring and rehabilitating distressed real estate projects and making them profitable and successful through the application of superior management and aggressive leasing programs.

9. A summary of ARI's Background, including a description of its management personnel and list of completed projects, is attached hereto as Exhibit 2.

DUE DILIGENCE MATERIAL SUBMITTED TO LENDER

10. As requested by the Debtor and its lender, CSFB 2003-C4 Nordhoff Limited Partnership ("Lender"), ARI has advanced a "due diligence" fee to the lender of $16,500, and has supplied the following information:

a. Memorandum outlining proposed transaction and parties

b. Resume of Adler Realty Investments, Inc.

c. Bank and Credit References

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d. Current Business Plan

e. Credit Authorization Consent

f. Purchaser / Key Principal Loan History Certification;

g. An organization chart showing the proposed new management of the Debtor;

h. Capital Investment Agreement;

i. Revised Agreement for Capital Investment and Loan;

j Executed Amended and Restated Limited Partnership Agreement for Chatsworth Industrial Park, L.P.

k. Executed Promissory Note for the loan to be made to Boyar; and

l. Executed Pledge of Partnership Interests and Security Agreement.

11. It is my understanding that the Debtor has supplied additional information as requested by the Lender, including a rent roll, copies of tenant leases, and historical partnership financial statements, recent tax bills, as well as other information.

12. We have been told by the Lender that it is undertaking its own due diligence review and underwriting review of ARI as a new manager and equity holder in the Debtor.

13. ARI has formed two new entities to hold its investment in the Debtor: ARI Chatsworth Investment, LLC, a California limited liability company, which will be the majority limited partner in the Debtor, and ARI Chatsworth Management, LLC, a California limited liability company, which will manage the Debtor as its sole general partner. ARI is the managing member of ARI Chatsworth Management, LLC, which entity will be the managing member of ARI Chatsworth Investment, LLC.

14. In addition, ARI has supplied to the Lender my own personal financial statements for the last three years, and last three years' federal tax returns, on a confidential basis, which documents are available for the Court by filing under seal, if requested.

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FINANCIAL QUALIFICATIONS AND ABILITY TO CLOSE

15. ARI has funds on hand to contribute sufficient capital to the Debtor to enable it to pay the Lender's entire cure amount, and all claims against the Debtor, as and when the final amounts are agreed by the parties or determined by the Court. ARI has shown proof of the availability of funds to the Lender.

16. On or about April 9, 2012, ARI submitted account statements to the Lender showing readily available funds in an amount sufficient to pay all amounts that will be due from the Debtor on the Effective Date under the Debtor's Third Amended Plan of Reorganization. These account statements were submitted on a confidential basis and are not attached to this Declaration, but can be supplied to the Court under seal, if requested.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct and that this Declaration was executed at Woodland Hills, California, on April 26, 2012.

Michael S. Adler

EXHIBIT 1

REVISED AGREEMENT FOR CAPITAL INVESTMENT AND LOAN

This Agreement for Capital Investment and Loan ("Agreement") is made and entered into as of March 21, 2012, by and between Adler Realty Investments, Inc., a California corporation ("ARI"), and Sharon Lynne Boyar, individually and as Trustee of the Sharon Boyar Trust u/d/t 12/14/98, as amended 4/9/03 ("Boyar") with respect to Boyar's interests in Chatsworth Industrial Park, L.P., a California limited partnership ("Chatsworth"), which is currently the Debtor-in-Possession in the bankruptcy proceedings entitled *In re Chatsworth Industrial Park, L.P., Debtor, Case No. 1:09-bk-27368-MT*, pending in the United States Bankruptcy Court for the Central District of California, San Fernando Valley Division (the "Bankruptcy Case").

A. Chatsworth is the owner and titleholder of real property and improvements thereon located at 21026-21040 Nordhoff Street, 9035 Independence Avenue., 21019 Osborne Street, 21025 Osborne Street, and 21045-51 Osborne Street, Chatsworth, California 91311, consisting of a 153,256 square foot industrial park of seven buildings on approximately 7.7 acres of land, and legally described as set forth on the attached Amended and Restated Limited Partnership Agreement of Chatsworth Industrial Park, L.P. (the "Property").

B. The Property is subject to a deed of trust in favor of CSFB 2003-C4 Nordhoff Limited Partnership/Keybank, which deed of trust secures a loan to Chatsworth in the original principal amount of $7,650,000, together with interest, late fees, attorney's fees and other charges (the "Keybank Loan"). The Keybank Loan is currently in default.

C. Chatsworth commenced the Bankruptcy Case on December 23, 2009, by filing a voluntary petition under chapter 11 of the Bankruptcy Code, and Chatsworth continues to manage the bankruptcy estate as Debtor-in-Possession.

D. Boyar is a limited partner in Chatsworth, and the sole owner and controlling shareholder of Boyar Management Corp., a California corporation, which is the current general partner of Chatsworth.

E. ARI and Boyar have entered into a letter of intent dated as February 6, 2012, providing for (1) ARI (or its nominee) to make a capital contribution to Chatsworth for the purpose of reinstating the Keybank Loan on the Property, subject to approval of the Bankruptcy Court; (2) ARI (or its nominee) to become a limited partner with Boyar and the general partner of Chatsworth, (3) the restructuring of Chatsworth with certain guarantied distributions to be made to Boyar, as limited partner, and (4) ARI (or its nominee) to make a personal loan to Boyar, secured by a pledge of Boyar's limited partnership interests in Chatsworth, all as more fully detailed below.

F. ARI and Boyar now wish to enter into this formal binding Agreement to fully reflect the terms of their agreement, and to provide for the mechanism for their agreement to be implemented.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, ARI and Boyar parties hereby agree as follows:

1. Capital Contribution to Limited Partnership. Subject to the Conditions provided in Section 4 below, ARI (or its nominee) shall make a capital contribution to Chatsworth in the amount of $2,150,000 (the "ARI Capital Contribution"), consisting of the following:

a. An amount necessary to reinstate the Keybank Loan and to pay all allowed claims in the Bankruptcy Case, estimated to be the sum of $1,500,000.00;

b. Brokerage fee of $50,000 payable to Lee & Associates;

c. Capital improvements in the amount of $400,000;

d. Working capital in the amount of $50,000.00;

e. Acquisition fee in the amount of $100,000; and

f. Legal fees and other costs to be incurred by ARI (or its nominee) in the amount of $50,000.

The amount of the ARI Capital Contribution may be modified as necessary to carry out the purposes of this transaction only by an agreement in writing signed by the parties hereto.

2. Restructuring of Limited Partnership. The Agreement of Limited Partnership of Chatsworth Industrial Park, L.P. dated July 21, 2003, shall be restated and amended (the "Restated Partnership Agreement") as follows:

a. ARI (or its nominee) shall be admitted as an additional limited partner in Chatsworth and as the new general partner of Chatsworth, in place of Boyar Management Corp.

b. The respective limited partnership interests of ARI (or its nominee) and Boyar in Chatsworth, as reorganized and restructured, shall be calculated as follows:

i. The partners' capital accounts shall be based on an assumed property value of $10,100,000, plus leasing costs reserved and currently held by lender (provided such leasing costs are made available to Chatsworth for leasing costs to be incurred upon reinstatement of the Keybank Loan), less the current loan balance after reinstatement of the Keybank Loan, which shall equal the total partners' equity in the Chatsworth partnership ("Partners' Equity");

ii. As limited partners, ARI's (or its nominee's) share shall be the amount of Partners' Equity that is equal to the ARI Capital Contribution, and Boyar's share shall be the amount of the Partners' Equity that is remaining after deduction of the ARI Capital Contribution.

c. ARI (or its nominee) shall guarantee that Boyar shall receive $150,000 in distributions each year (payable monthly) in respect of Boyar's limited partnership interest in Chatsworth for each of the two years following the Effective Date, which distributions are net of Boyar's interest payments to ARI

(or its nominee) pursuant to the loan to be made pursuant to Section 3 below. This obligation will terminate upon the sale of the Property. To the extent that Boyar's pro-rata share of the distributions from Chatsworth are less than the $150,000 threshold during the first two years following the Effective date or until the date the Property has been sold, whichever date first occurs, ARI (or its nominee) will advance funds sufficient to make up the difference (the "Additional Distribution"); the amount of which Additional Distribution shall be added to the balance of the Promissory Note described in Section 3 below, and be payable according to the terms of such Promissory Note.

d. All equity interests in Chatsworth, as restructured, shall earn an eight percent (8%) annual preferred return to be distributed from the available cash flow from operations. Any cash distributions remaining after the payment of an eight percent (8%) return shall be divided 70% to the limited partners and 30% to the General Partner. Upon a Capital Event, as such term is defined in the Restated Partnership Agreement, the limited partners will first receive their eight percent (8%) annual preferred return to the extent such return has not already been paid, and then a return of their equity to the extent that it has not already been repaid. Thereafter, all remaining proceeds shall be split 70% to the limited partners and 30% to the General Partner.

e. ARI (or its nominee) and Boyar shall enter into the Amended and Restated Limited Partnership Agreement of Chatsworth Industrial Park, L.P., to reflect the terms set forth in this Section 2 and other usual and customary terms and conditions, in the form of the agreement attached hereto as Exhibit A.

3. Personal Loan to Boyar. ARI (or its nominee) shall loan to Boyar the sum of $400,000, to be evidenced by a Promissory Note in the form attached hereto as Exhibit B, according to the following terms:

a. The loan proceeds shall be funded to Boyar on the Effective Date.

b. The loan shall bear an interest rate of eight percent (8%) per annum, with interest only payable to ARI (or its nominee) on a monthly basis.

c. The principal amount of the loan, including any such Additional Distribution that may have been made as described in Section 2.c, above, shall be repaid on or before the occurrence of a "Capital Event" with respect to the Property, as such term is defined in the Promissory Note, or March 31, 2017, whichever date first occurs.

d. The loan may be prepaid at any time without penalty.

e. The loan shall be secured by a pledge by Boyar of all of Boyar's interests in Chatsworth, in the form of Pledge Agreement attached hereto as Exhibit C. The default provisions under the Promissory Note and under the Pledge Agreement shall provide that, in the event of a default in payment, ARI (or its nominee) may not foreclose upon Boyar's pledged interests in Chatsworth until the earliest of (i) 120 days after service of a notice of default or (ii) the occurrence of a "Capital Event," as such term is defined in the Promissory Note.

4. Conditions to Funding. ARI's (or its nominee's) obligation to fund the ARI Capital Contribution shall be subject to and conditioned upon the fulfillment and satisfaction of all of the following conditions, the date of occurrence of which will be deemed the "Effective Date":

a. Chatsworth shall have proposed in the Bankruptcy Case an Amended Plan of Reorganization, in form acceptable to ARI, providing for the complete cure and reinstatement of the Keybank Loan, and payment of all unsecured and administrative claims, thereby permitting Chatsworth to emerge from bankruptcy;

b. The Court having jurisdiction over Chatsworth in the Bankruptcy Case shall have entered an Order confirming the Amended Plan of Reorganization in all material respects consistent with the terms of this Agreement (the "Confirmation Order") and the Confirmation Order shall have become final with no stay in effect;

c. Boyar and Boyar Management Corp. shall have executed and delivered to ARI the Amended and Restated Limited Partnership Agreement of Chatsworth Industrial Park, L.P. (Exhibit A)

d. Boyar shall have executed and delivered to ARI the Promissory Note (Exhibit B) and the Pledge Agreement (Exhibit C);

5. Additional Terms.

a. Boyar shall cause Chatsworth to expeditiously seek Bankruptcy Court approval and confirmation of an Amended Plan of Reorganization to effectuate the terms of this Agreement, and entry of the Confirmation Order.

b. Boyar shall cause Chatsworth to make available all of its financial records to ARI, upon request, and to make full and timely disclosure to ARI of all known material facts that may impact upon the transaction described in this Agreement.

c. Boyar shall be responsible for the tenant security deposits due under the leases with tenants of Chatsworth (with a current estimated balance of $108,067.96). Upon the occurrence of a Capital Event, as such term is defined in the Restated Partnership Agreement, the amount of the security deposits shall be deducted from Boyar's share of distributions from Chatsworth.

d. Boyar shall be responsible for the costs of any environmental cleanup required for any condition that existed prior to the Effective Date.

6. Representations and Warranties of Boyar. In order to induce ARI to enter into this Agreement, Boyar represents and warrants the following for the express benefit of ARI, and its successors and assigns:

a. Chatsworth is organized and is and will continue to be a validly existing limited partnership in good standing under the laws of California.

b. All information provided by Boyar to ARI with regard to the Property and the Keybank Loan is true and correct.

c. Boyar has not assigned, sold, transferred, pledged or granted any option or security interest in or otherwise hypothecated Boyar's interests in Chatsworth in any manner whatsoever, and such interests are pledged free and clear of any and all liens, security interests, encumbrances, claims, pledges, restrictions and options.

d. This Agreement creates a valid and binding obligation on Boyar that is enforceable in accordance with its terms, and the execution, delivery and performance of said Agreement by Boyar is not in violation of any applicable law, regulation or contractual obligation of Boyar. The pledge of Boyar's interests in Chatsworth referred to herein is not in violation of and shall not create any default under any agreement, undertaking or obligation of Boyar.

e. Boyar has the requisite power and authority to enter into this Agreement and the agreements that are the Exhibits hereto and the signatory executing this Agreement on behalf of Boyar is authorized to do so. This Agreement is valid and binding upon and enforceable against Boyar without need for any other consents, approvals or authorizations from any other party.

7. Representations and Warranties of ARI. In order to induce Boyar to enter into this Agreement, ARI, for itself, represents and warrants the following for the express benefit of Boyar, and Boyar's successors and assigns:

a. ARI has the requisite power and authority to enter into this Agreement and the signatory executing this Agreement on behalf of ARI is authorized to do so on ARI's behalf. This Agreement is valid and binding upon and enforceable against ARI without need for any other consents, approvals or authorizations from any other party.

8. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties.

9. Waiver. ARI shall not be deemed to have waived any rights under this Agreement unless such waiver is in writing and signed by ARI. No delay or omission on the part of ARI in exercising any right shall operate as a waiver of such right or any other right.

10. Notices. As of the Effective Date, any notice, consent or communications required or permitted under this Agreement and agreements and instruments related thereto shall be in writing and delivered by personal delivery, certified mail, return receipt requested, or by a recognized overnight courier, addressed as follows:

To Boyar:

Sharon Lynne Boyar
Chatsworth Industrial Park, L.P.
44095 Ocotillo Dr.
La Quinta, California 92253

With notice to counsel:

Mitchel Ezer, Esq.
Ezer & Williamson LLP
1153 Lachman Lane
Pacific Palisades, California 90272

To ARI:

Adler Realty Investments, Inc.
Attn: Michael S. Adler
20951 Burbank Blvd., Suite B
Woodland Hills, California 91367

With notice to counsel:

Gregory M. Salvato, Esq.
Salvato Law Offices
355 So. Grand Avenue, Suite 2450
Los Angeles, California 90071-9500

11. Governing Law. The parties expressly agree that this Agreement shall be governed by, interpreted under and construed and enforced in accordance with the laws of the State of California.

12. Miscellaneous. This Agreement may be executed in counterparts, and signatures transmitted by facsimile or e-mail shall be accepted as originals. If any action or proceeding is commenced by either party with respect to this Agreement, the prevailing party in such action or proceeding shall be entitled to recover its costs and expenses incurred in such action or proceeding, including attorney's fees and costs.

13. Entire Agreement. This is the full and final agreement of the parties hereto with respect to the subject matter hereof and, in executing this Agreement, Boyar represents and acknowledges to ARI that Boyar is not relying on, and there are no other, statements, promises, or representations, either oral or written, not expressly contained herein.

IN WITNESS WHEREOF, this Agreement is made and entered into as of the date first set forth above.

BOYAR:

Sharon Lynne Boyar

By: _____
Sharon Lynne Boyar,
Individually and as Trustee of the
Sharon Boyar Trust, U/D/T 12/14/98

ARI:

Adler Realty Investments, Inc.,
a California corporation

By: _____
Michael S. Adler, President

EXHIBIT A

Amended and Restated Agreement of Limited Partnership of Chatsworth Industrial Park, L.P.

AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
OF CHATSWORTH INDUSTRIAL PARK, L.P.
a California limited partnership

THIS AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT of CHATSWORTH INDUSTRIAL PARK, L.P., a California limited partnership (the ñPartnershipò) is made as of the ___ day of _____, 2012 (ñEffective Dateò), by and among the ARI CHATSWORTH MANAGEMENT, LLC, a California limited liability company (the ñGeneral Partnerò), and SHARON LYNNE BOYAR, INDIVIDUALLY AND AS TRUSTEE OF THE SHARON BOYAR TRUST, U/D/T 12/14/98, as amended and restated on 2/6/99, and as further amended on 4/9/03 (ñBoyarò), and ARI CHATSWORTH INVESTMENT, LLC, a California limited liability company (ñARICIò).

A. The Partnership was originally formed under the Act (defined below) pursuant to a Certificate of Limited Partnership filed with the California Secretary of State, for the purpose of acquiring, operating and disposing of the Property (defined below). The original general partner, Boyar Management Corp. previously caused a Certificate of Limited Partnership for the Partnership to be filed with the California Secretary of State in order to form a limited partnership for the purpose of acquiring, holding and operating certain real property for investment purposes.

B. The Partnership desires to increase capital reserves in connection with the operation of the Property through additional capital to be contributed by ARICI.

C. The existing general partner, Boyar Management Corp., a California corporation, has been suspended as a corporation and is no longer able to serve as a general partner of the Partnership.

D. The Partnership wishes to amend the Partnership Agreement to replace Boyar Management Corp. with the General Partner and to establish ARICI as a Limited Partner on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound, agree that the Limited Partnership Agreement is hereby amended and restated in its entirety, as follows:

1 DEFINITIONS

The following words and phrases used in this Agreement shall have the meanings set forth below:

ACT. The California Revised Limited Partnership Act set forth in Title 2.5 of the California Corporations Code (§§ 15611, *et seq*.), as heretofore or hereafter amended.

AFFILIATE. With respect to any Person, (a) any Person directly or indirectly controlling, controlled by, or under common control with such Person, (b) any Person owning or controlling ten percent (10%) or more of the outstanding voting interests of such Person, (c) any officer, director, or general partner of such Person, or (d) any Person who is an officer, director, general partner, trustee, or holder of ten percent (10%) or more of the voting interests of any Person described in clauses (a) through (c) of this sentence. For purposes of this definition, the term "control" shall mean the possession directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

AGREEMENT. This Limited Partnership Agreement as originally executed and as amended from time to time.

BANKRUPTCY. With respect to any Partner: (a) the filing of an application by a Partner for, or his or her consent to, the appointment of a trustee, receiver, or custodian of his or her other assets; (b) the entry of an order for relief with respect to a Partner in proceedings under the United States Bankruptcy Code, as amended or superseded from time to time; (c) the making by a Partner of a general assignment for the benefit of creditors; (d) the entry of an order, judgment, or decree by any court of competent jurisdiction appointing a trustee, receiver, or custodian of the assets of a Partner unless the proceedings and the person appointed are dismissed within ninety (90) days; or (e) the failure by a Partner generally to pay his or her debts as the debts become due within the meaning of Section 303(h)(1) of the United States Bankruptcy Code, as determined by the Bankruptcy Court, or the admission in writing of his or her inability to pay his or her debts as they become due.

BOYAR'S RISK EVENTS. Any event or occurrence of (a) any claim, debt, liability or obligation (other than obligations under the Current Loan that accrue from and after the Effective Date), including the obligation to refund and/or apply tenant security deposits collected prior to the Effective Date; (b) any obligation that would not be obligations of the Partnership if it were a newly formed entity that had acquired the Property as a bona fide purchaser in an armôs length transaction, including costs, fees and expenses incurred in connection with the pending Chapter 11 proceeding of the Partnership; (c) any acts, events or omissions which occurred prior to the Effective Date, whether or not the effects of or damages from such acts, events or omissions are apparent or ascertainable as of the Effective Date relating to any hazardous materials or releases, and (d) any excess, unbudgeted carrying costs that are attributable to the foregoing; but excluding (y) Shared Risk Events.

BOYAR'S RISK EXPENSES. Any costs, fees, expenses or liabilities incurred by the Company in the conduct of Business that are attributable to Boyarôs Risk Events.

BUSINESS. The acquisition, ownership and operation of the Property for the production of income and for capital appreciation.

CAPITAL ACCOUNT. The Capital Account established and maintained for each Partner and General Partner pursuant to Section 3 of this Agreement, as may be updated and amended.

CAPITAL CONTRIBUTION. Any contribution to the capital of the Partnership in cash or property by an Owner, whenever made. The term ñAdditional Capital Contributionsò is defined in Section 3.2.

CAPITAL INVESTMENT. The sum of (a) the cash contributions of each Partner to the Partnership plus (b) the agreed upon net fair market value of any property, or any interest in property, contributed by a Partner to the Partnership, computed in each case without regard to the balance in the Capital Account of such Partner at the time the computation is made. As of the Effective Date, the Partnerôs Capital Investments shall be as set forth on the Schedule of Capital Contributions attached hereto as Exhibit A, and such Schedule may be amended or updated from time to time in accordance with the terms of this Agreement.

CAPITAL TRANSACTIONS. The sale, exchange, transfer or other disposition of a capital asset of the Partnership, including (a) a refinancing of any such capital asset, (b) the occurrence of an insured or uninsured casualty loss to the Partnership's assets, or (c) the taking of any such asset by eminent domain or other involuntary conversion, but excluding the sale or other disposition of items of tangible personal property that have become obsolete or unserviceable and that are being replaced in the ordinary course of the Partnership's Business.

CERTIFICATE OF LIMITED PARTNERSHIP. The Certificate of Limited Partnership of the Partnership as originally filed with the California Secretary of State and as amended from time to time.

CODE. The Internal Revenue Code of 1986, as heretofore or hereafter amended.

CURRENT LOAN. As of the Effective Date, the Property is encumbered by the Current Loan described and defined in Section 2.6.4 hereof.

DISPUTE RESOLUTION TRIBUNAL. Any court of competent jurisdiction, any arbitration panel or arbitrator, or any other Person to whom, either as the result of judicial process or by stipulation or mutual agreement, a dispute involving one or more Partners is submitted for resolution.

DISTRIBUTABLE CASH. The net cash receipts of the Partnership remaining after the payment of all of the debts and obligations of the Partnership then due and payable and the funding of any Reserves established by the General Partner.

ECONOMIC INTEREST. The right to participate or share in one or more of the Net Profits, the Net Losses and distributions by the Partnership pursuant to this Agreement, but excluding any right to participate in the management of the Partnership or the right to vote on, consent to or otherwise participate in any decision of the Partners or the General Partner.

ECONOMIC INTEREST HOLDER. An assignee of or successor-in-interest to a Partner who has acquired the Interest of such Partner in a Restricted Transaction and who has not been admitted as a Partner in the Partnership.

ENTITY. Any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association or any foreign trust or foreign business organization.

EXEMPT TRANSFER. Any sale, transfer or other disposition of a Partnership Interest by a Partner to a Permitted Transferee.

FISCAL YEAR. The Partnership's Fiscal Year, which shall be the calendar year.

FORCE MAJEURE EVENTS. Any delay or failure in performance by a party caused by acts of God or any other casualty or occurrence, condition, event or circumstances of any kind or nature not reasonably within the excused partyôs control and which are not caused by the failure of such party to perform its obligations hereunder and in accordance with applicable law (including acts or omissions of any governmental authority, such as a taking by condemnation or power of eminent domain), requirement of any governmental authority, changes in law, strikes, slow downs or labor difficulties (even though such difficulties could be resolved by conceding to the demands of a labor group), fires, flood, earthquakes, lightning, winds in excess of safe working limits, explosions, acts of public enemies, riots, civil commotions, insurrection, and unavailability of supplies or delays in deliveries by suppliers, vendors or subcontractors of any tier (to the extent such suppliers, vendors or subcontractors are subject to an event of the type described in this sentence); provided, however, that a partyôs financial inability to perform shall not be a Force Majeure Event.

GENERAL PARTNER. The Person designated in this Agreement to manage the Business and affairs of the Partnership, consisting initially of ARI Chatsworth Management, LLC. Such Person shall serve as General Partner until resignation or removal in accordance with the terms of this Agreement.

INTEREST. The Partnership Interest or the Economic Interest, as the case may be, held by an Owner in the Partnership.

INTEREST HOLDER. Any Person who holds an Interest in the Partnership, either as a Partner, the legal representative of a Partner, the successor-in-interest to a Partner or as an Economic Interest Holder.

LIMITED PARTNER. Those Persons owning Limited Partnership Interests set forth on the Schedule of Capital Contributions attached hereto as Exhibit A, consisting initially of Boyar and ARICI, as may be amended or updated from time to time.

LIMITED PARTNERSHIP INTEREST. Each Limited Partner's rights in the Partnership, including such Partner's Economic Interest, any right to vote or to participate in management conferred on the Limited Partners by this Agreement, and the right to information concerning the business and affairs of the Partnership.

MAJORITY IN INTEREST OF THE PARTNERS. Partners whose combined Percentage Interests exceeds fifty percent (50%) of the total Percentage Interests of all of the Partners.

MINIMUM GAIN. The amount of gain that would be realized by the Partnership if it disposed of each Partnership property which is encumbered by a Nonrecourse Liability for no consideration other than total relief of such Nonrecourse Liability, computed for each Fiscal Year in accordance with the provisions of paragraph (d) of *IRC Reg.* § 1.704-2.

MINIMUM GAIN CHARGEBACK. An allocation of income or gain made pursuant to Section 7.4.2 of this Agreement in order to satisfy the requirements of paragraph (f) of *IRC Reg.* § 1.704-2.

NET INCOME. The sum, if positive, of all items of income, gain, deduction and loss recognized by the Partnership during the taxable period for which the determination is being made, as determined for federal income tax purposes.

NET LOSS. The sum, if negative, of all items of income, gain, deduction and loss recognized by the Partnership during the taxable period for which the determination is being made, as determined for federal income tax purposes.

NONRECOURSE LIABILITIES. Those liabilities of the Partnership, as defined in paragraph (a)(2) of *IRC Reg.* § 1.752-2, for which no Partner bears the economic risk of loss other than through the Partner's indirect interest as a Partner in the Partnership's assets subject to such liability.

NOTICE. Any written notice permitted or required by the provisions of this Agreement. A Notice shall be deemed to have been duly given under this Agreement upon the first to occur of the following events: (a) upon the deposit thereof in the United States mails, postage and fees prepaid for next-day delivery or, if a next-day delivery service is not available or utilized, on the third business day following the date on which so deposited in the United States mails for delivery by registered or certified mail; (b) when deposited with Federal Express or other reputable over-night courier delivery system for next-day delivery, charges prepaid or charged to the sender's account; (c) when personally delivered to the addressee; (d) when transmitted to the recipient by fax, e-mail or similar electronic means, provided such transmission is electronically confirmed as having been successfully transmitted and a duplicate is concurrently sent by another means of delivery described in this Section; or (e) when delivered to the home or office of the addressee in the care of a person whom the sender has reason to believe will promptly communicate the Notice to the addressee.

OWNER. Either a Partner or an Economic Interest Holder, as the context requires or permits.

OWNER NONRECOURSE DEBT. Any Nonrecourse Debt to the extent that the liability is nonrecourse under *IRC Reg.* § 1. 100 1-2 but for which an Owner or a related person bears the risk of economic loss under *IRC Reg.* § 1. 752- 1.

OWNER NONRECOURSE DEDUCTIONS. Items of loss, deduction, or Code Section 705(a)(2)(B) expenditures which are attributable to Owner Nonrecourse Debt, determined in accordance with the provisions of paragraph (i) of *IRC Reg.* § 1.704-2.

PARTNER. Each of the Persons who is admitted as a Limited Partner, or General Partner of the Partnership in accordance with the terms of this Agreement. A Person who holds only an Economic Interest shall not be a Partner.

PARTNER TERMINATION EVENT. The occurrence of any event specified in Section 10.1 of this Agreement which causes a Person to cease to be a Partner of the Partnership.

PARTNERSHIP. CHATSWORTH INDUSTRIAL PARK, L.P., a California limited partnership.

PARTNERSHIP INTEREST. A Partner's rights in the Partnership, including such Partner's Economic Interest, any right to vote or to participate in management conferred on the Partners by this Agreement, and the right to information concerning the business and affairs of the Partnership.

PARTNERSHIP OPERATIONS. The conduct of the Partnership's trade or Business, including the sale or other disposition in the ordinary course of business of assets that have become obsolete or inoperable due to the passage of time and that are being replaced in the ordinary course of the Partnership's Business or are no longer suitable for use in the Business.

PERCENTAGE INTEREST. The percentage Interests set forth on the Schedule of Capital Contributions attached hereto as Exhibit A, as may be amended or updated from time to time.

PERMITTED TRANSFEREE. Any Partner and, in addition, (a) any spouse or lineal descendant of a Partner, (b) a custodian, trustee, or personal representative for the benefit solely of the Transferring Partner or his or her spouse or lineal descendants, (c) the settlor of any revocable trust that is a Partner, (d) the spouse or lineal descendants of the settlor of any revocable trust that is a Partner, (e) the sole shareholder of a corporation that is a Partner, and (f) a corporation or other entity of which the Partner owns all of the issued and outstanding capital stock or owns both (i) the entire beneficial ownership interest and (ii) the power to exercise management and control over such entity without the consent or approval of any other Person. A Person who is the lineal descendant of the spouse of a Partner but who is not the lineal descendant of such Partner shall not be a Permitted Transferee.

PERSON. An individual, general partnership, limited partnership, limited liability company, corporation, trust, estate, real estate investment trust, association or any other entity.

PREFERRED RETURN. A return of eight percent (8.0%) per annum on so much of the Capital Contributions of the Limited Partners that have not previously been returned through prior cash distributions constituting a return of the Capital Contributions of the Partners, calculated on a cumulative basis from the Effective Date, but without compounding such return.

PROPERTY. The real property and improvements thereon commonly known as the street address of 21026-21040 Nordhoff Street, 9035 Independence Avenue, 21019 Osborne Street, 21025 Osborne Street and 21045-51 Osborne Street, Chatsworth, California 91311, consisting of a 153,256 square foot industrial park of seven buildings on approximately 7.7 acres of land, and legally described on Exhibit B attached hereto and incorporated herein by reference, together with all of the tangible and intangible personal

property acquired and hereafter owned by the Partnership that is used in connection with the ownership and operation of such real property.

QUALIFIED INCOME OFFSET. An allocation of income or gain made pursuant to Section 7.4.5 of this Agreement for the purpose of satisfying the requirements of paragraph (b)(2)(ii)(d) of *IRC Reg.* § 1.704-1.

RECAPITALIZATION BUDGET. The initial budget and plan for the operation of the Business of the Company is set forth on Exhibit C hereto.

RECAPITALIZATION OVERAGES. Any costs, expenses or liabilities incurred by the Company in the conduct of Business that exceed the Recapitalization Budget, including increased costs of construction and financing and other carrying costs due to unexpected conditions and delays, such that there is a reasonable expectation that the total Recapitalization Budget is not sufficient to complete the project.

RESERVES. The funds set aside or amounts allocated by the General Partner from time to time during any Fiscal Year to reserves for use as working capital of the Partnership, to pay taxes, insurance, debt service or other costs or expenses incident to the Partnership's Business, or for any other purpose related to the conduct of the Partnership's Business.

RESTRICTED TRANSACTION. Any sale, transfer, assignment, or other disposition of a Partner's Interest, whether voluntarily, involuntarily, or by operation of law, that is not an Exempt Transfer, and any transfer of an ownership interest in a corporation or other entity that is a Partner to a Person who is not a Partner or the Permitted Transferee of a Partner.

SHARED RISK EVENTS. Any event or occurrence of Recapitalization Overages associated with: (a) Force Majeure Events, or (b) other events that are not Boyarôs Risk Events.

SHARED RISK EXPENSES. Any costs, fees, expenses or liabilities incurred by the Company in the conduct of Business that are attributable to Shared Risk Events.

TAX MATTERS PARTNER. The person designated from time to time to act as the Tax Matters Partner as that term is defined in Section 6231(a)(7) of the Code. Unless changed by the vote of a Majority in Interest of the Limited Partners, the General Partner of the Partnership shall be the Tax Matters Partner of the Partnership.

TERMINATED PARTNER. Any Partner with respect to whom a Partner Termination Event has occurred.

TERMINATION DATE. That date on which a Partner Termination Event occurs.

TRANSFERRING OWNER. Any Owner proposing to make an inter vivos transfer of a Partnership or Economic Interest to a person who is not a Permitted Transferee, including the transfer of a security interest for the purpose of securing payment of an obligation.

UNADMITTED ASSIGNEE. The assignee of or successor-in-interest to the Economic Interest of a Partner who has not been admitted as a Partner of the Partnership in accordance with the provisions of Section 9.5 of this Agreement.

VALUATION DATE. The Partner Termination Date or, in the case of the exercise of a preemptive right under Section 9.3 of this Agreement, the date on which such right first becomes exercisable.

VOTING POWER. The right of the Partners to exercise the voting rights attributable to their Partnership Interests in the Partnership. The Voting Power of each of the Partners shall be equal to such Partner's Percentage Interest.

2 FORMATION OF PARTNERSHIP

2.1 FORMATION. The Partnership has been organized as a California limited partnership and has caused a Certificate of Limited Partnership to be filed with the California Secretary of State in accordance with and pursuant to the Act. As of the Effective Date, an Amendment to Certificate of Limited Partnership (Form LP-2) shall be filed with the Secretary of State to identify the new General Partner. The rights and liabilities of the Partners shall be determined pursuant to the Act and this Agreement. To the extent that the rights or obligations of any Partner are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall control to the extent permitted by the Act.

2.2 NAME. The name of the Partnership is CHATSWORTH INDUSTRIAL PARK, L.P., a California limited partnership.

2.3 TERM. The term of the Partnership began no earlier than the date of filing of the Certificate of Limited Partnership and shall continue indefinitely until dissolved in accordance with the provisions of this Agreement.

2.4 PRINCIPAL PLACE OF BUSINESS. The principal place of business of the Partnership shall be 20951 Burbank Blvd., Suite B, Woodland Hills, California 91367. The Partnership may locate its principal place of business and registered office at any other place as the General Partner may from time to time determined to be in the best interests of the Partnership.

2.5 PARTNERS. The names and addresses of the Partners as of the Effective Date are set forth on the Schedule of Capital Contributions attached as Exhibit A to this Agreement. Such Schedule shall be amended from time to time to include the names and addresses of any Partners hereafter admitted to the Partnership and to delete the names and addresses of any Partners who hereafter withdraw from or otherwise cease to be Partners the Partnership.

2.6 PURPOSE OF PARTNERSHIP. The purpose of the Partnership is to engage in any lawful activity for which a limited partnership may be organized under the Act. Notwithstanding the foregoing, without the consent of the Limited Partners, the Partnership shall not engage in any business other than the following:

2.6.1 The development, operation, leasing and management of the Property, including the holding of the Property for the production of rental income, and the refinancing and sale of the Property. By signing this Agreement, each Partner agrees that the General Partner may apply for, obtain and execute all documents necessary for any financing transaction involving the Property.

2.6.2 Such other incidental activities as may be necessary, advisable, or appropriate, in the judgment of the General Partner, in furtherance of the operations of the Business. The Partners hereby consent to the Partnership's borrowing such funds as may be necessary for the acquisition and future financing of the Property, with any lender and upon such terms and conditions as the General Partner shall determine and expressly authorize the General Partner to execute all notes, trust deeds and other loan documents.

2.6.3 Notwithstanding the foregoing, so long as the Partnership has an obligation outstanding under a loan (ñLoanò) provided by a qualified lender (ñLenderò), evidenced by a note and

secured, in part, by a deed of trust encumbering the Property, the Partnership shall be and remain a special purpose bankruptcy remote entity and shall at all times comply with the following:

(a) The purpose for which the Partnership is organized shall be limited to (i) owning, holding, selling, leasing, transferring, exchanging, operating and managing its respective interest in the Property, (ii) entering into the Loan, (iii) refinancing the Property in connection with a permitted repayment of the Loan, and (iv) transacting any and all lawful business that is incident, necessary and appropriate to accomplish the foregoing.

(b) The Partnership does not own and will not own any asset or property other than (i) the Property and (ii) incidental personal property necessary for and used in connection with the ownership or operation of the same.

(c) The Partnership shall not engage in a business other than the ownership, operation and management of the Property and any other property which is hereafter acquired by the Partnership with Lenderôs prior written consent.

(d) The Partnership will not enter into any contract or agreement with any affiliate, guarantor, or any affiliate of guarantor under the Loan, provided, however, that the Partnership may enter into contracts with affiliates without Lenderôs prior written consent so long as such contracts relate to the Property and provide for payments at prevailing market rates.

(e) The Partnership has not incurred and neither will incur any indebtedness, secured or unsecured, other than (i) the Loan and incidental costs and expenses associated therewith, (ii) indebtedness incurred in the ordinary course of business to vendors and suppliers of services to the Property (not more than thirty (30) days past due), and (iii) non-delinquent property taxes and assessments. No indebtedness other than the Loan may be secured (either subordinate or pari passu) by the Property, and no indebtedness may be secured, directly or indirectly, by any partnership, membership or other equity interest in the Partnership;

(f) The Partnership has not made and will not make any loans or advances to any person or entity and shall not acquire obligations or securities of an affiliate.

(g) The Partnership is and will remain solvent and will pay its debts and liabilities (including, as applicable, shared personnel and overhead expenses) from its assets as the same shall become due.

(h) The Partnership has done or caused to be done and will do all things necessary to observe organizational formalities and preserve its existence, and the Partnership will not amend, modify or otherwise change, in violation of the covenants of this Section 2.6.3, the partnership certificate and partnership agreement of the Partnership without the written consent of Lender.

(i) The Partnership shall maintain all of its books, records, financial statements and bank accounts separate from those of its affiliates. The Partnershipôs assets will not be listed as assets on the financial statement of any other Person. The Partnership shall have its own separate financial statement, provided, however, that the Partnershipôs assets may be included in a consolidated financial statement of its parent companies if inclusion on such a consolidated statement is required to comply with the requirements of GAAP, and provided, further, that such consolidated financial statement shall contain a footnote to the effect that the Partnershipôs assets are owned by Partnership, as applicable, and that they are being included on the financial statement of its parent solely to comply with the requirements of GAAP, and provided, further, that such assets shall be listed on the Partnershipôs own separate balance sheet. The Partnership will file its own tax returns and will not file a consolidated federal

income tax return with any other corporation. The Partnership shall maintain its books, records, resolutions and agreements as official records.

(j) The Partnership will be, and at all times will hold itself out to the public as, a legal entity separate and distinct from any other person or entity, shall correct any known misunderstanding regarding its status as a separate entity, shall conduct business in its own name and shall not identify itself or any of its affiliates as a division or part of the other.

(k) The Partnership will maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations.

(l) Neither the Partnership nor any constituent party will seek the dissolution, winding up, liquidation, consolidation or merger, in whole or in part, or the sale of material assets of the Partnership.

(m) The Partnership will not commingle the funds and other assets of the Partnership with those of any other Person, and will not participate in a cash management system with any such Person.

(n) The Partnership will not commingle its assets with those of any other Person and will hold all of its assets in its own name.

(o) The Partnership will not guarantee or become obligated for the debts of any other Person and does not and will not hold itself out as being responsible for the debts or obligations of any other Person.

(p) The Partnership shall not pledge its assets for the benefit of any other Person, other than with respect to the Loan.

(q) Without the unanimous consent of each of the Partnershipôs partners or other equity interest holders, the Partnership shall not file a petition for relief under the Bankruptcy Code, or under any other present or future state of federal law regarding bankruptcy, reorganization or other debtor relief law.

(r) The Partnership shall not partition, or permit any partition of the Property.

2.6.4 The Property is currently encumbered by a first trust deed loan (the ñ**Current Loan**ò) in favor of CSFB 2003-C4 Nordhoff Limited Partnership / Keybank (the ñ**Current Lender**ò). This Agreement is contingent upon the written agreement of the Current Lender to: (a) the terms of this Agreement including the admission of the new General Partner and ARICI; and (b) the reinstatement and modification of the Current Loan on terms and conditions satisfactory to ARICI. Unless and until the Current Lender agrees to the foregoing, ARICI may elect to terminate this Agreement by delivery of written notice of termination, in which even the Agreement shall be null and void and neither party shall have any further obligations hereunder.

2.7 AGENT FOR SERVICE OF PROCESS. The name and address in the State of California of the Partnershipôs agent for service of process is:

Michael S. Adler
20951 Burbank Blvd., Suite B
Woodland Hills, CA 91367

The General Partner may from time to time appoint such other or additional agents for service of process as the General Partner may, in the General Partner's sole discretion, deem appropriate or necessary. The General Partner shall notify the Partners of the appointment of any other or additional agents for service of process.

3 CONTRIBUTIONS AND CAPITAL ACCOUNTS

3.1 CAPITAL CONTRIBUTIONS. As of the Effective Date, each Partner shall be deemed to have contributed the sum set forth opposite their name on the Schedule of Capital Contributions attached as Exhibit A to this Agreement to the Capital of the Partnership either in cash, property or conversion of indebtedness to equity in exchange for each Percentage Interest in the Partnership being subscribed to by such Partner. The Capital Contribution of Boyar equals the agreed upon value of Boyarôs equity in the Partnership prior to the admission of ARICI, and the Partners acknowledge that, as a result of the recapitalization of the Partnership and the admission of ARICI, the Capital Contribution account of Boyar shall be restated as such amount.

3.2 ADDITIONAL CONTRIBUTIONS. No Partner shall be required to make any further or additional Capital Contributions to the Partnership. If the General Partner determines in good faith that additional capital is necessary and required, and other funding sources are not available: (a) to fund unforeseen emergency repairs to the Property because of earthquake, fire, or other occurrence; (b) to fund operating expenses because the Partnership is unable to pay its debts in the ordinary course of business, and/or (c) to fund improvements that are essential to preserve the Property from substantial loss or injury, then the General Partner shall deliver to each Partner a written Notice of Capital Call describing the event giving rise to the need for additional funds (such amounts being known collectively as ñAdditional Capital Contributionsò). Calls for Additional Capital Contributions pursuant to this Section that are necessary because Boyarôs Risk Expenses have been incurred shall be made by Boyar, no later than thirty (30) days after delivery of such Notice. Calls for Additional Capital Contributions pursuant to this Section that are necessary because Shared Risk Expenses have been incurred shall be apportioned between ARICI and Boyar in accordance with their Percentage Interests. Notwithstanding the foregoing, either Partner may make Additional Capital Contributions at any time on an emergency basis as needed to preserve the assets of the Company.

3.3 FAILURE TO MAKE ADDITIONAL CAPITAL CONTRIBUTIONS. The failure of a Limited Partner to make an Additional Capital Contribution shall not constitute a default. In the event that either Limited Partner (the ñNon-Contributing Partnerò) fails to make any Additional Capital Contributions allocated to it in accordance with Section 3.2, then the other Limited Partner or an affiliate of the other Limited Partner (the ñContributing Partnerò) may advance to the Partnership the amount that was not contributed by the Non-Contributing Partner, in which event the Contributing Partner shall be entitled to repayment of its Additional Capital Contribution and the amount advanced plus a preferred return on the sum of such Additional Capital Contribution and amount advanced equal to a rate of 20% per annum, all of which shall be repaid to the Contributing Partner prior to the distribution of any other sums to the Non-Contributing Partner. If the Contributing Partner does not make the necessary Additional Capital Contributions on behalf of the Non-Contributing Partner, or if both Limited Partners fail to make Additional Capital Contributions, then the General Partner (with the approval of the Contributing Partner) shall be entitled to admit one or more additional Partners to the Partnership that are not Affiliates of an existing Partner on such terms as the General Partner may negotiate, in good faith, including the right of such additional Partner(s) to receive reimbursement of the amount invested, together with a preferred return not exceeding 20% per annum prior to any distribution of any other sums to the Non-Contributing Partner.

3.4 CAPITAL ACCOUNTS. An individual Capital Account shall be maintained for each Owner in accordance with the requirements of paragraph (b)(2) of *IRC Reg.* § 1.704-1. If in the opinion of the

Partnership's accountants the manner in which Capital Accounts are to be maintained pursuant to this Section should be modified in order to comply with the Code and the Treasury Regulations promulgated thereunder, then the method by which Capital Accounts are maintained shall be so modified.

3.4.1 Adjustments to Capital Accounts. Subject to the provisions of *IRC Reg.* § 1.704-1:

A. Each Owner's Capital Account shall be increased by the sum of (1) the amount of money or debt cancellation contributed by such Owner to the Partnership, plus (2) the fair market value of property contributed by the Owner to the Partnership (net of liabilities secured by the property or to which the property is subject), and (3) the amount of income allocated to the Owner; and

B. Each Owner's Capital Account shall be decreased by the sum of (1) the amount of money distributed to the Owner; (2) the fair market value of property distributed to the Owner by the Partnership (net of liabilities secured by the property or to which the property is subject); and (3) allocations to the Owner of (a) items of Partnership loss and deductions and (b) Partnership expenditures that are neither deductible by the Partnership in computing its taxable income nor properly chargeable to capital.

3.4.2 Assumption of Liabilities. An assumption of an Owner's unsecured liability by the Partnership shall be treated as a distribution of money to the Owner. An assumption of the Partnership's unsecured liability by an Owner shall be treated as a cash contribution to the Partnership. For this purpose, the assumption of a secured liability in excess of the fair market value of the security shall be treated as the assumption of an unsecured liability to the extent of that excess.

3.5 NO RESTORATION OF DEFICIT CAPITAL ACCOUNTS. Except as otherwise required in the Act (and subject to the provisions of Section 3.9 of this Agreement), no Partner shall have any liability to restore all or any portion of a deficit balance in such Partner's Capital Account.

3.6 LOANS BY PARTNERS. The Partners may, but shall not be required to, loan to or advance on behalf of the Partnership such funds as the Partnership may need from time to time for purposes of conducting its business activities. Such a loan or advance shall not result in an increase in the Capital Account of such Partner or entitle such Partner to an increase in the Partner's share of Net Profits or distributions or subject the Partner to any greater proportion of Net Losses.

3.6.1 Loan Terms. The amount of any such loan or advance shall be a debt due from the Partnership, repayable upon such terms and conditions as the lending Partner and the General Partner Partnership reasonably may determine.

3.6.2 Interest Rate. Unless a different rate is agreed upon by the lending Partner and the Majority in Interest of Partners, any such loan or advance shall bear interest at the annual rate equal to the greater of (a) two percent greater than the rate periodically announced by Bank of America NT&SA as its Prime Rate or Reference Rate, or (b) 12%, but in no case more than the maximum lawful rate of interest.

3.6.3 No Duty to Make Advances. Nothing in this Section shall require any of the Partners to make any loans to or advances on behalf of the Partnership to pay, satisfy or otherwise provide for any obligation of the Partnership.

3.7 USE AND RETURN OF CAPITAL. The Capital Contributions made to the Partnership shall be used and employed only for the Partnership's benefit and advantage and for no other purpose. Except as otherwise provided in this Agreement, no Owner shall be entitled to receive interest on such Capital Contributions or to a return of any sums contributed to the Partnership until the full and complete winding up and liquidation of the Partnership's business and affairs. Except as otherwise provided in this

Agreement, no Owner shall have priority over any other Owner, either as to the return of his or her Capital Contribution or as to the allocation or payment of Net Profits, Net Losses or distributions.

3.8 LIABILITIES OF THE PARTNERSHIP. Except as otherwise provided in Section 15632 of the Act, or as otherwise provided in this Agreement, no Partner shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation or liability of the Partnership, whether that debt, liability or obligation arises in contract, tort or otherwise, solely by reason of such Person's being a Partner. The liability of each Partner for any of the expenses, liabilities or obligations of the Partnership or of the General Partner shall be limited solely to the amount of the sum of such Person's Capital Contributions required under this Agreement, except as otherwise provided herein.

3.9 WAIVER OF RIGHT TO DISSOLVE OR PARTITION. Each Partner expressly waives (a) the right to dissolve the Partnership or to obtain dissolution of the Partnership except in accordance with the provisions of Section 12 of this Agreement and (b) during the term of the Partnership's existence, any right that may exist to maintain any action for partition with respect to any of the property or assets of the Partnership.

4 RIGHTS AND DUTIES OF PARTNERS

4.1 CLASSES OF LIMITED PARTNERS. The Partnership shall have one (1) class of Limited Partners. Except to the extent expressly provided elsewhere in this Agreement, each of Limited Partners shall have the same rights, preferences and privileges.

4.2 RESTRICTIONS ON LIMITED PARTNERS. The Limited Partners, in their capacity as Limited Partners, shall have no right, power or authority to act for or to bind the Partnership.

4.2.1 The Limited Partners, in their capacity as Limited Partners, shall not take part in the conduct or control of the Partnership business, except that the Partners shall have the right to vote upon and approve the matters set forth in Section 4.6.4 of this Agreement; provided, however, that Non-Contributing Partners shall not be entitled to the right to vote.

4.2.2 Unless specifically authorized to do so by this Agreement or by the General Partner, no Limited Partner, Economic Interest Holder, attorney-in-fact, employee or other agent of the Partnership shall have any power or authority to bind the Partnership in any way, to pledge the Partnership's credit or to render the Partnership liable for any purpose.

4.2.3 No Limited Partner shall have any power or authority to bind the Partnership unless and only to the extent that such Limited Partner has been authorized by the General Partner to act as an agent of the Partnership.

4.3 LIMITED LIABILITY. Except as required under the Act or as expressly set forth in this Agreement, no Limited Partner shall be personally liable for any debt, obligation, or liability of the Partnership, whether that liability or obligation arises in contract, tort or otherwise. No Limited Partner shall be obligated to personally guarantee or otherwise to become personally liable for the repayment of any loan or other obligation of the Partnership.

4.4 TRANSACTIONS WITH THE PARTNERSHIP. Subject to any limitations set forth in this Agreement and with the prior approval of the General Partner after full disclosure of the Partner's involvement, a Partner may lend money to and transact other business with the Partnership. Subject to other applicable law, such Partner has the same rights and obligations with respect thereto as a Person who is not a Partner.

4.5 REMUNERATION TO PARTNERS. Except as otherwise authorized in this Agreement, no Partner is entitled to remuneration for acting in the Partnership's Business.

4.6 MEETINGS OF PARTNERS. Meetings of the Partners may be held from time to time for any lawful purpose. Meetings of the Partners may be called by any General Partner or by Limited Partners holding not less than ten percent (10%) of the Percentage Interests, and shall be noticed and held at such place within the State of California as the General Partner determines to be appropriate in accordance with the procedures set forth in Article 3 of the Act as in effect at the time of the calling of such meeting.

4.6.1 Special Meetings. Special meetings of the Partners may be called by any General Partner or by Limited Partners holding not less than ten percent (10%) of the Percentage Interests, and shall be noticed and held in accordance with the procedures set forth in Article 3 of the Act as in effect at the time of the calling of such meeting.

4.6.2 Notice of Meeting. If a General Partner or Limited Partners entitled to do so elect to call a meeting, the General Partner shall immediately cause written notice of such meeting to be given to all Partners not less than ten (10) or more than fifty (50) days prior to the date of such meeting. Such notice shall state the place, date, and hour of the meeting, the nature of the business to be transacted and the matters, if any, upon which the Partners will be requested to vote. No business other than that set forth in such notice may be transacted at such meeting without the prior unanimous written consent of the Partners.

4.6.3 Waiver of Notice. Notice of any meeting of the Partners may be waived by any person entitled to receive such notice provided that such waiver is made in accordance with the provisions of Section 15637 of the Act.

4.6.4 Voting Rights. The Partners shall have the right to vote on each of the following matters and, unless a greater percentage is required by another provision of this Agreement, each such matter may be approved by the General Partner and a Majority in Interest of the Partners:

A. An election to continue the business of the Partnership after the occurrence of a Partner Termination Event or a dissolution of the Partnership.

B. An election by the Partners to dissolve the Partnership and wind up its affairs.

C. The removal and replacement of any General Partner of the Partnership.

D. The election of additional General Partner for the Partnership.

E. Except as provided in Section 13.14.2, the amendment of the Certificate of Limited Partnership of this Partnership or this Limited Partnership Agreement.

F. Any other action expressly stated by the provisions of this Agreement to require the approval of the Partners.

4.6.5 Consent of Partners. Unless a meeting has been requested by the Limited Partners, the General Partner may, in its discretion, either seek the written consent of the Limited Partners on any proposed matter or may call a meeting of the Partners to vote on such matter. The Partners may take any action by written consent in accordance with the procedures set forth in Section 15637 of the Act that they could take at a meeting of Partners.

4.6.6 Proxies. Every Partner shall have the right to vote either in person or by one or more agents authorized by a written proxy signed by the person and filed with the General Partner or the Secretary, if any, of the Partnership, in the manner and to the extent permitted by the General Corporation Law of the State of California.

4.6.7 Failure to Hold Meetings. The failure of the Partnership to hold meetings of Partners or the failure to observe formalities pertaining to the calling or conduct of meetings shall not be considered a factor tending to establish that the Limited Partners have personal liability for any debt, obligation, or liability of the Partnership.

4.7 OTHER OPPORTUNITIES. None of the Partners, in their capacity as Partners, shall have any obligation to present any investment, development or business opportunity to the Partnership or any other Partner. Each Partner, in its capacity as such, shall be free to engage in any investment, development and/or business activities and opportunities as such Partner deems appropriate, including other businesses involving the purchase, ownership, operation, leasing or sale of real or personal property and/or the ownership or operation of businesses similar to the business being conducted by the Partnership, without obligation or liability to the Partnership or any other Partner. Neither the Partnership nor any Partner shall have any right, by virtue of this Agreement, to share or participate in any investments or activities of such Partner or to the income or proceeds derived therefrom.

5 MANAGEMENT OF THE PARTNERSHIP

5.1 MANAGEMENT RESPONSIBILITY. The business of the Partnership shall be managed by the Person designated as the General Partner in Section 5.2.2, below, or any successor elected as provided in Section 5.2.3, below. Except as otherwise provided in this Agreement, the Partners shall not be entitled to participate in the management of the Partnership and all decisions concerning the business and affairs of the Partnership shall be made by the General Partner.

5.2 NUMBER AND ELECTION OF GENERAL PARTNERS. The Partnership initially shall have one (1) General Partner, who shall be a Partner of the Partnership.

5.2.1 The number of General Partners of the Partnership may be increased or decreased from time to time by an amendment to this Limited Partnership Agreement approved the existing General Partner, if any, and by the affirmative vote of the Limited Partners, but:

A. No increase in the number of General Partners shall increase the total allocations of the Net Income to the General Partners, and;

B. In no event shall the number of General Partners be changed unless the Certificate of Limited Partnership of the Partnership is amended, if required, to conform to the new number of General Partners.

5.2.2 As of the Effective Date, the General Partner of the Partnership shall be ARI Chatsworth Management, LLC, a California limited liability company. By executing this Agreement, each of the Partners shall be deemed to have voted to elect ARI Chatsworth Management, LLC as the General Partner of the Partnership.

5.2.3 A General Partner shall hold office until the earlier of (a) the General Partner's resignation; (b) the General Partner is removed and a successor has been elected and qualified, or (c) the General Partner's death or disability (if an individual). A General Partner shall be elected by the affirmative vote of a Majority in Interest of the Partners. A General Partner need not be a resident of the State of California or an existing Partner of the Partnership.

5.3 RESIGNATION. A General Partner may resign at any time by giving written notice to the Partners of the Partnership except that, if as a result of such resignation there would be no remaining General Partner or the Partnership would cease to qualify as a limited partnership under the Act or as a partnership for federal or state income tax purposes, then the General Partner may not resign unless it has given the Partners written notice of the proposed resignation at least sixty (60) days prior to the proposed effective date of such resignation.

5.3.1 If the General Partner has given the Partners written notice of the proposed resignation pursuant to Section 5.3, above, the Partnership may accept such resignation prior to the end of the 60-day period upon the affirmative vote of a Majority in Interest of the Partners. The resignation of any General Partner shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.3.2 The resignation of a General Partner who is also a Partner shall not affect the General Partner's rights as a Partner and shall not constitute such Person's withdrawal as a Partner. The resignation of a General Partner pursuant to this Section shall not prejudice the rights of the Partnership or the General Partner under any contract to which either of them are parties.

5.4 REMOVAL AND REPLACEMENT OF GENERAL PARTNER. The General Partner may be removed (a) for cause by the affirmative vote of Majority in Interest of the Limited Partners, and (b) without cause by the affirmative vote of the holders of seventy-five percent (75%) of the Voting Power of the Partners, excluding the votes attributable to any Percentage Interest held by the General Partner sought to be removed or by any Affiliate of any such General Partner. Removal of the Initial General Partner without cause shall not affect its right to distributions under Section 7.1.

5.4.1 Cause for Removal. Cause for removal shall exist only if the General Partner has been determined by the Limited Partners in good faith to be guilty of fraud, deceit, or intentional misconduct, gross negligence). Notice of such removal, specifying the effective date of removal, the cause therefor, and the grounds upon which such cause is based, shall be given to the General Partner sought to be removed on or before the effective date specified in such notice.

5.4.2 Dispute. A General Partner desiring to dispute the existence of cause for his or her removal shall be required to give written notice of intention to dispute the removal within fifteen (15) days of receipt of the notice for removal. If the removed General Partner fails to give notice of a dispute as provided herein, the General Partner shall be conclusively presumed to have consented to such removal.

5.4.3 RESOLUTION OF DISPUTE. Any dispute regarding the existence of cause for removal of the General Partner shall be resolved in the manner provided by Section 13.8, below. Should a General Partner dispute his removal for cause, all of his rights as a General Partner shall be suspended from and after the proposed effective date of his removal until such dispute has been resolved as provided herein, and the Majority in Interest of the Partners shall elect a General Partner Pro Tem to act as the General Partner of the Partnership pending the resolution of such dispute.

5.5 VACANCIES. Any vacancy occurring for any reason in the position of General Partner may be filled by the vote of Limited Partners. Any General Partner position to be filled by reason of an increase in the number of General Partners shall be filled by the vote of the existing General Partner and Limited Partners.

5.6 ACTION BY GENERAL PARTNER. When more than one General Partner is serving, in any matter requiring the approval of the General Partner shall require (a) the approval of both General Partners if

two are serving, or (b) the approval of the majority of the General Partners if three or more are serving, with each General Partner entitled to a single vote. If a majority of the General Partners is unable to agree with respect to any proposed action, then the proposed action shall be submitted to the Partners for decision.

5.7 POWERS OF GENERAL PARTNER. Without limiting the generality of Section 5.1, above, and except as otherwise expressly restricted in this Agreement, the General Partner shall have all necessary powers to manage and carry out the purposes, Business, property, and affairs of the Partnership, including, without limitation, the power to exercise on behalf and in the name of the Partnership all of the powers set forth in Sections 15643 and 16301 of the Act. In particular, the General Partner shall have the power to borrow funds on behalf of the Partnership and to encumber the Property and any other assets of the Partnership without the consent of the Partners, and to execute and deliver any and all notes, deeds of trust, mortgages, assignments of rent, security instruments and other loan documents, without limitation, on behalf of the Partnership as the General Partner may deem appropriate to carry out the Business of the Partnership.

5.8 PERFORMANCE. The General Partner shall use its best efforts to carry out the business of the Partnership and shall devote such time to the Partnership as is necessary for the efficient operation of the Partnership's Business. The General Partner shall be a fiduciary and shall perform its duties as General Partner with such care as an ordinarily prudent person in a like position would use under similar circumstances.

5.8.1 A General Partner shall be liable to the Partnership and its Owners for any loss or damage sustained by the Partnership or any Owner only if such loss or damage is the result of or attributable to (a) the General Partner's fraud, deceit, or intentional misconduct, or (b) General Partner's intentional conduct taken in grossly negligent and reckless disregard of a duty owed to the Partnership.

5.8.2 A General Partner shall not be liable to the Partnership or its Owners for damages attributable to (a) errors in judgment made in good faith, (b) the negligence of such General Partner that does not involve intentional misconduct, gross negligence and recklessness, or (c) a General Partner's failure to carry out his or her duties as a General Partner if the Partnership has insufficient funds or if it is impossible or impractical to carry out such duties as the result of any act or failure to act by any of the Partners.

5.9 TIME DEVOTED BY GENERAL PARTNER. Nothing in this Agreement shall require a General Partner to devote any particular amount of time to the Partnership business or prevent or limit the General Partner from devoting time to any other business, whether or not similar in nature to the business of the Partnership.

5.10 RESTRICTIONS ON THE AUTHORITY OF THE GENERAL PARTNER. To the extent no default has occurred under Section 11 below, the General Partner shall not have any authority, without the approval of the majority in interest of the Limited Partners, to take action described below, or approve the same on behalf of the Partnership:

5.10.1 Cause or permit the Partnership to engage in any activity that is not consistent with the purposes of the Partnership as set forth in Section 2.6 hereof.

5.10.2 Do any act in contravention of this Agreement.

5.10.3 Do any act which would make it impossible to carry on the ordinary Business of the Partnership, except as otherwise provided in this Agreement.

5.10.4 Possess property of the Partnership, or assign rights in specific property, for other than a Partnership purpose.

5.10.5 Perform any act that would cause the Partnership to conduct business in a state which has neither enacted legislation which permits limited liability companies to organize in such state nor permits the Partnership to register to do business in such state as a foreign limited partnership.

5.10.6 Amend, modify or terminate the Certificate of Limited Partnership.

5.10.7 Dissolve, terminate or liquidate the Partnership or cause the merger or consolidation of the Partnership with any other Person.

5.10.8 Confess a judgment against the Partnership or the Property.

5.10.9 Commit any act that would make it impossible to carry on the business of the Partnership.

5.10.10 Commit any act that would subject any Partner to any liability to which such Partner has not consented.

5.11 RIGHT TO RELY ON GENERAL PARTNER. Any person dealing with the Partnership may rely (without duty of further inquiry) upon a certificate signed by any General Partner as to:

5.11.1 The identity of any General Partner, Partner or Economic Interest Holder;

5.11.2 The existence or nonexistence of any fact or facts which constitute a condition precedent to acts by the General Partner or which are in any other manner germane to the affairs of the Partnership;

5.11.3 The persons who are authorized to execute and deliver any instrument or document of the Partnership; or

5.11.4 Any act or failure to act by the Partnership or any other matter whatsoever involving the Partnership or any Partner.

5.12 EXCULPATION AND INDEMNIFICATION. Subject to the provisions of Section 5.12.1, below, the Partnership shall indemnify, defend and hold each of its Partners, its General Partner, and any Partnership employees, agents and attorneys, harmless from any and all claims, losses, liabilities, actions, causes of action, and the like arising from or relating to their performance or nonperformance of any act concerning the activities or business of the Partnership to the maximum extent permitted by the Act.

5.12.1 The Partnership shall not be obligated to indemnify any employee, agent or other Person acting on behalf of the Partnership if (a) such person is guilty of (i) fraud, deceit or intentional misconduct, or (ii) a material breach of such person's obligations to the Partnership under this Agreement or any other agreement between the Partnership and such Person, or (iii) a wrongful taking by such Person, or (iv) acting out of self-interest without appropriate regard for such Person's obligations to the Partnership or its Partners, or (v) intentional conduct taken in reckless disregard of a duty owed to the Partnership, its Partners or to a third party that causes injury or damage to Persons, property or the Business of the Partnership, or if (b) the liability sought to be imposed relates to an obligation of the Partner, General Partner, employee, agent or attorney acting in an individual capacity.

5.12.2 The Partnership shall not be obligated to indemnify any Person who is alleged to have been guilty of conduct of the type described in Section 5.12.1, above, unless and until an appropriate

Dispute Resolution Tribunal has determined that such Person was not guilty of such conduct and is therefore entitled to be indemnified by the Partnership.

5.12.3 If any principal or affiliate of a Partner executes a personal guaranty of recourse obligations under any Loan to the Partnership (a ñGuarantorò), and thereafter the Guarantor incurs any debts, liens, claims, causes of action, costs (including, without limitation, response and/or remedial costs), injuries, losses, damages, liabilities, demands, interest, fines, penalties and expenses, including reasonable attorneysô fees and expenses, consultantsô fees and expenses, court costs and all other out of pocket expenses (ñRecourse Liabilityò) as a result of any action taken by another Partner, its principal or affiliate, then the Partner causing such Recourse Liability shall indemnify, defend and hold the Guarantor harmless, from all Recourse Liability.

5.12.4 Boyar agrees to indemnify, defend and hold harmless the General Partner and ARICI from and against any and all debts, liens, claims, causes of action, costs (including, without limitation, response and/or remedial costs), personal injuries, losses, damages, liabilities, demands, interest, fines, penalties and expenses, including reasonable attorneysô fees and expenses, consultantsô fees and expenses, court costs and all other out of pocket expenses, suffered or incurred by the General Partner or ARICI resulting from any Boyar Risk Event, including any breach by the Partnership of its obligations (monetary or otherwise) under any contracts or agreements executed by the Partnership occurring prior to the Effective Date.

5.13 OTHER OPPORTUNITIES. No General Partner, in its capacity as General Partner, shall have any obligation to present any investment, development or business opportunity to the Partnership or any Partner. Each General Partner, in its capacity as such, shall be free to engage in any investment, development and/or business activities and opportunities as such General Partner deems appropriate, including other businesses involving the purchase, ownership, operation, leasing or sale of real or personal property and/or the ownership or operation of businesses similar to the business being conducted by the Partnership, without obligation or liability to the Partnership or any Partner. Neither the Partnership nor any Partner shall have any right, by virtue of this Agreement, to share or participate in any investments or activities of such General Partner or to the income or proceeds derived therefrom.

6 PARTNERSHIP EXPENSES; COMPENSATION & FEES

6.1 ORGANIZATIONAL EXPENSES. All legal, accounting, and related organizational expenses incurred with the approval of the General Partner in connection with the formation of the Partnership shall be paid by the Partnership.

6.2 OPERATING EXPENSES. All costs, charges, expenses and liabilities which shall be incurred in or about the Partnership business, and any losses which shall occur with respect thereto, shall be paid from the income and other assets of the Partnership and, if that is not sufficient, then out of the capital of the Partnership.

6.3 PAYMENTS TO PARTNERS. Partners are entitled to compensation for services rendered or goods provided to the Partnership only to the extent expressly authorized by this Section 6.3:

6.3.1 Expense Reimbursement to Partners. The Partnership shall reimburse to the Partners in cash, upon receipt of an itemized statement, for any costs or expenses that any Partner reasonably incurs on the Partnership's behalf with the approval of the General Partner or that are otherwise authorized by the provisions of this Agreement.

6.3.2 Compensation to Partners. No Partner shall be entitled to compensation or remuneration for services rendered on behalf of the Partnership unless such entitlement is set forth in a

separate written agreement approved by the General Partner. Any such agreement pursuant to which a Partner performs services for or on behalf of the Partnership shall provide that it may be cancelled without cause upon thirty (30) days prior written notice by the Partnership or a Majority in Interest of the Partners, excluding the votes of the Partner who is a party to or benefits from such agreement.

6.4 PAYMENTS TO GENERAL PARTNER. The General Partner and the Affiliates of the General Partner are entitled to compensation for services rendered or goods provided to the Partnership or ARICI only to the extent expressly authorized by this Article 6:

6.4.1 Reimbursable Expenses. The Partnership shall reimburse the General Partner and its Affiliates for (a) any organizational expenses, including legal and accounting fees, incurred by the General Partner and its Affiliates in recapitalizing the Partnership, and (b) the actual cost of goods and materials used by or for the benefit of the Partnership.

6.4.2 Excluded Expenses. Except as otherwise provided herein, the General Partner and its Affiliates shall not be reimbursed by the Partnership for the following expenses: (a) salaries, compensation or fringe benefits of directors, officers or employees of the General Partner or its Affiliates; (b) overhead expenses of the General Partner or its Affiliates, including, without limitation, rent and general office expenses; and (c) the cost of providing any service or goods for which the General Partner or its Affiliates are entitled to compensation under this Agreement.

6.4.3 Services Performed by General Partner or Affiliates. The Partnership shall pay the General Partner or its Affiliates for services rendered or goods provided to the Partnership to the extent that (a) the General Partner is not required by reason of its position with the Partnership to provide such services or goods themselves without charge to the Partnership, and (b) the fees paid to such General Partner or Affiliates satisfy the requirements of Section 6.5.1.B, below.

6.4.4 Acquisition Fee. ARICI shall pay the General Partner or its Affiliates, for services provided in connection with the recapitalization of the Partnership, an Acquisition fee in the amount of one hundred thousand dollars ($100,000.00).

6.5 TRANSACTIONS WITH THE GENERAL PARTNER AND ITS AFFILIATES. Subject to the provisions of this Section 6.5:

6.5.1 Waiver of Conflicts. The General Partner and its Affiliates may engage in any transaction with the Partnership (including by way of example and not in limitation, (a) the purchase, sale, lease, or exchange of any property, (b) the furnishing of goods or services to the Partnership, or (c) the establishment of salary or compensation levels or other terms of employment), notwithstanding that such transaction may involve a conflict of interest, provided that:

A. Such transaction is not expressly prohibited by this Agreement; and

B. The terms and conditions of such transaction are (1) fair and reasonable to the Partnership on an overall basis and (2) are at least as favorable to the Partnership as those that are generally available from independent responsible third persons furnishing similar goods or services in the area in which the Partnership's Business is situated; and

C. Any contract providing for the furnishing of goods or services by a General Partner or an Affiliate of a General Partner for a period of more than thirty (30) days shall provide for its termination for cause on the grounds set forth in Section 5.4.1, above, and for termination without cause upon thirty (30) days prior written notice if (a) the General Partner is removed as a General Partner of the Partnership pursuant to Section 5.4, above, or (b) a Termination Event occurs with respect to such General Partner.

6.5.2 Presumption of Fairness. A transaction between Partnership and a General Partner and/or the Affiliates of a General Partner shall be conclusively presumed to satisfy the requirements of Section 6.5.1.B, above, if a Majority in Interest of the Limited Partners having no interest in such transaction (other than their interests as Partners) affirmatively vote or consent in writing to approve the transaction, but nothing in this Section shall be construed to require the General Partner to seek the approval of the Partners to any such transaction.

6.6 SPECIFICALLY AUTHORIZED CONTRACTS WITH AFFILIATES. By their execution of this Agreement, each Partner shall be deemed to have approved the following contracts between the Partnership and the General Partner or an Affiliate of the General Partner provided that such contracts satisfy the requirements of Section 6.5.1, above:

6.6.1 Property Management. The Partnership may engage the Manager or Affiliate of the Manager to provide property management services, which may include, but are not limited to, operational, accounting, and construction management services for the Property. Operational and accounting management services shall be compensated at the total rate of three percent (3%) of gross rental income collected from the operation of the Property. A supervision fee of four percent (4%) of the cost of all building improvement, tenant improvement and/or other construction related costs shall be paid for construction management services rendered.

6.6.2 Asset Management. The Partnership shall engage the Manager or Affiliate of the Manager to provide asset management services, which may include leasing services. The Partnership shall pay a monthly asset management fee in the amount of one percent (1%) of gross income generated from the Property. Leasing services provided by the Manager or Affiliate as the broker shall be compensated with commissions at the rate of three percent (3%) for new leases, renewals and expansions. If not acting as the broker, the Manager or Affiliate of the Manager shall be compensated with a leasing override at the rate of one percent (1%) for new leases, renewals and expansions. Compensation for leasing services is calculated as the applicable percentage, as outlined above, of gross scheduled rental income to be received during the term of the respective lease.

6.6.3 Loan Origination. The Partnership may engage the Manager or Affiliate of the Manager to act as a mortgage broker in connection with the Partnershipôs refinancing of the Property, and shall pay such Manager or Affiliate a Loan Origination fee up to one percent (1%) for arranging financing, less any Points paid to third party mortgage brokers. For the purposes of this Section, the term ñPointsò shall mean prepaid finance charges in connection with a loan, and shall exclude loan commitment fees, origination fees, closing costs, and other costs for issuing a loan**.**

6.6.4 Commission on Sale. The Partnership shall pay the Manager and independent agents, if any, commission upon the sale of the Property in an amount not to exceed a total of three percent (3%).

7 PROFITS & LOSSES; DISTRIBUTIONS

7.1 ALLOCATION OF DISTRIBUTABLE CASH. The Distributable Cash of the Partnership shall be allocated and distributed in the discretion of the General Partner, as follows:

7.1.1 Distributions Prior to Termination. Subject to the provisions of Sections 7.1.2 and 7.1.3, below, the Distributable Cash of the Partnership prior to its termination shall be distributed as follows:

A. Cash from Partnership Operations. Distributable Cash attributable to Partnership Operations shall be distributed as follows:

(1) First, pro rata, to all Limited Partners, including any Affiliate of the General Partner who is a Limited Partner, the unpaid Preferred Return (8.0%) through the date of such distribution; and

(2) Thereafter, thirty percent (30%) to the General Partner and seventy percent (70%) to the Limited Partners.

B. Cash from Capital Transactions. Distributable Cash attributable to Capital Transactions shall be distributed as follows:

(1) First, to the Limited Partners, including any Affiliate of the General Partner who is a Limited Partner, until the cumulative cash distributions to the Limited Partners equal the sum of (a) the unpaid Preferred Return through the date of such distribution, plus (b) the return of their Capital Investment, to the extent not previously returned through prior cash distributions constituting a return of the Capital Contributions of the Limited Partners; and

(2) Thereafter, thirty percent (30%) to the General Partner and seventy percent (70%) to the Limited Partners.

7.1.2 Distributions upon Termination. Notwithstanding the provisions of Section 7.1.1, above, all distributions by the Partnership following the occurrence of an event resulting in or leading to the dissolution and termination of the Partnership shall be made to those Partners having positive balances in their Capital Accounts, in proportion to and to the extent of such positive account balances, determined by first adjusting each Partnerôs respective Capital Account by all allocations of Net Income or Net Loss pursuant to Section 7.2, below, for the taxable period ending on the date of the distribution.

7.1.3 Restriction on Distributions. No distribution shall be made by the Partnership if, after giving effect to the distribution:

A. The Partnership would not be able to pay its debts as they become due in the usual course of business; or

B. The fair value of the Partnershipôs total assets would be less than the sum of its total liabilities, other than liabilities to its Partners on account of their Partnership Interests.

7.2 ALLOCATION OF INCOME, LOSS AND TAX ITEMS. Subject to the provisions of Section 7.4, below:

7.2.1 Net Loss. The Net Loss, if any, of the Partnership each year shall be allocated among the Partners in proportion to the positive balances in their respective Capital Accounts until the Capital Accounts of each of the Partners have been reduced to zero, and thereafter shall be allocated among the Partners in proportion to their respective Percentage Interests.

7.2.2 Net Income from Partnership Operations. Net Income from Partnership Operations each year shall be allocated among the Partners as follows:

A. First, entirely to those Partners, having a negative balance in their Capital Accounts, in an amount sufficient to eliminate any such negative balance in the Capital Accounts;

B. Next, to all of the Partners, until the cumulative Net Income allocated to each Partner from the inception of the Partnership (including allocations made pursuant to Section 7.2.3, below) is equal to the sum of (a) the cumulative Net Losses or other amounts debited to the Capital Account of such Partner from the inception of the Partnership, plus (b) all cash distributions made to such Partner from the inception of the Partnership, other than cash distributions constituting a return of Capital.

C. Thereafter, to all of the Partners in proportion to all cash distributions made and available to be made to the Partners from the inception of the Partnership, other than cash distributions constituting a return of capital.

7.2.3 Net Income from Capital Transactions. Net Income from Capital Transactions shall be allocated as follows:

A. First, entirely to those Partners, having a negative balance in their Capital Accounts, in an amount sufficient to eliminate any such negative balance in the Capital Accounts;

B. Next, to all of the Partners, until the cumulative Net Income allocated to each Partner from the inception of the Partnership (including allocations made pursuant to Section 7.2.2, above) is equal to the sum of (a) the cumulative Net Losses or other amounts debited to the Capital Account of such Partner from the inception of the Partnership, plus (b) all cash distributions made to such Partner from the inception of the Partnership, other than cash distributions constituting a return of Capital.

7.2.4 Deductions & Credits. Except as otherwise provided by this Section 7.2, items of deduction for federal or state income tax purposes shall be allocated to the Owners in the same proportion in which Net Losses from Partnership Operations are allocated to the Owners, and items of credit shall be allocated among the Owners in the same proportion in which the Net Income of the Partnership from Partnership Operations is allocated. The recapture of credits and deductions for depreciation or cost recovery shall be allocated in the same proportion that such credits and deductions were allocated.

7.3 ALLOCATION AMONG OWNERS. Distributable Cash, Net Income, and Net Loss of the Partnership allocable to the Owners shall be allocated among the Owners in proportion to their respective Percentage Interests. Distributable Cash, Net Income, and Net Loss of the Partnership allocable to the General Partners shall be allocated equally among each of the General Partners.

7.4 MANDATORY ALLOCATION RULES. Notwithstanding any other provision of this Agreement, allocations of Net Income and Net Loss of the Partnership shall comply with the following mandatory allocation rules:

7.4.1 Limitation on Loss Allocations. No allocation of Net Loss shall be made to a Owner to the extent that the allocation would create or increase a negative balance in that Ownerôs Capital Account at a time when other Owners have a positive balance in their Capital Accounts. If and to the extent that an Owner may not be allocated losses as a result of the application of this Article 7, losses shall be allocated to the other Owners. Any loss reallocated under this Section 7.4.1 shall be taken into account in computing subsequent allocations of income and losses pursuant to this Article 7, so that the net amount of any item so allocated and the income and losses allocated to each Owner pursuant to this Article 7, to the extent possible, shall be equal to the net amount that would have been allocated to each such Owner pursuant to this Article 7 if no reallocation of losses had occurred under this Section 7.4.1.

7.4.2 Minimum Gain Chargebacks. If there is a net decrease in Minimum Gain during any Fiscal Year, then:

A. Each Owner shall be specially allocated items of Partnership income and gain (determined in accordance with paragraph (f) of *IRC Reg.* § 1.704-2) for such Fiscal Year (and, if necessary, in subsequent Fiscal Years) in an amount equal to the portion of such Ownerôs share of the net decrease in Minimum Gain that is allocable to the disposition of Partnership property subject to a Nonrecourse Liability, which share of such net decrease shall be determined in accordance with paragraph (g)(2) of *IRC Reg.* § 1.704-2. Allocations pursuant to this Section 7.4.2.A. shall be made in proportion to the amounts required to be allocated to each Owner under this Section 7.4.2.A.

B. If the net decrease in Minimum Gain is attributable to a Owner Nonrecourse Debt during any Fiscal Year, each Owner who has a share of the Minimum Gain attributable to such Owner Nonrecourse Debt (which share shall be determined in accordance with paragraph (i)(5) of *IRC Reg.* § 1.704-2) shall be specially allocated item of Partnership income and gain for such Fiscal Year (and, if necessary, in subsequent Fiscal Years) in an amount equal to that portion of such Ownerôs share of the net decrease in Minimum Gain attributable to such Ownerôs Nonrecourse Debt that is allocable to the disposition of Partnership property subject to such Owner Nonrecourse Debt (which share of such net decrease shall be determined in accordance with paragraph (i)(5) of *IRC Reg.* § 1.704-2). Allocations pursuant to this Section 7.4.2.B. shall be made in proportion to the amounts required to be allocated to each Owner under this Section 7.4.2.B.

7.4.3 Nonrecourse Deductions. Any Nonrecourse Deductions for any Fiscal Year or other period shall be specially allocated to the Owners in proportion to their respective Percentage Interests.

7.4.4 Owner Nonrecourse Deductions. Those items of Partnership loss, deduction, or Code Section 705(a)(2)(B) expenditures which are attributable to Owner Nonrecourse Debt for any Fiscal Year or other period shall be specially allocated to the Owner who bears the economic risk of loss with respect to the Owner Nonrecourse Debt to which such items are attributable in accordance with paragraph (i) of *IRC Reg.* § 1.704-2.

7.4.5 Qualified Income Offsets. Any Owner who unexpectedly receives an adjustment, allocation, or a distribution described in Sections (4), (5), or (6) of paragraph (b)(2)(ii)(d) of *IRC Reg.* § 1. 704- 1, that creates or increases a deficit balance in that Ownerôs Capital Account, shall be allocated items of income or gain in an amount and manner sufficient to eliminate the deficit balance in that Ownerôs Capital Account so created or increased as quickly as possible. Allocations made pursuant to this Section 7.4.5 shall consist of a proportion share of each item of Partnership income (including gross income) and gain for the year; however, items of income and gain allocated under Section 7.4.2 shall be excluded from the operation of this Section 7.4.5.

7.4.6 Code Section 704(c) Allocations. Income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Owners so as to take into account any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its fair market value on the date of contribution. Allocations pursuant to this Section 7.4.6 are solely for purposes of federal, state and local taxes and shall not affect or in any way be taken into account in computing an Ownerôs Capital Account or share of Net Income, Net Loss, or other items of distributions pursuant to any provision of this Agreement.

8 PARTNERSHIP ASSETS; BOOKS AND RECORDS

8.1 TITLE TO PARTNERSHIP PROPERTY. Title to any of the assets of the Partnership shall be taken, held and conveyed only in the name of the Partnership.

8.2 BANK ACCOUNTS. The Partnership shall open and maintain one or more commercial bank accounts in the name of the Partnership at such banks as the General Partner shall determine from time to

time. All contributions of the Partners and all other Partnership income initially shall be deposited in such accounts, and all debts, liabilities and obligations of the Partnership shall be paid by checks drawn on such accounts. Withdrawals from and checks drawn upon any such Partnership bank account shall be made only upon the signature of such persons as may be approved by the General Partner.

8.3 PARTNERSHIP BOOKS. Proper and complete books of account and records of the Partnership's Business shall be kept at the Partnership's principal place of business, or such other place of business as may be designated from time to time by the General Partner. The Partnership's accounting records shall be maintained on the cash basis of accounting. The General Partner shall maintain and preserve, during the term of the Partnership, and for five (5) years thereafter, all accounts, books, and other relevant Partnership documents. The books of account and records of the Partnership shall include at least the following:

8.3.1 Partnership List. A current list of the full name and last known business or residence address of each Owner set forth in alphabetical order together with the Capital Contribution and the share in Net Profits and Net Losses of each Owner.

8.3.2 Information Regarding General Partners. A current list of the full name and business or residence address of each General Partner of the Partnership.

8.3.3 Certificate of Limited Partnership. A copy of the Certificate of Limited Partnership and all amendments thereto, together with executed copies of any powers of attorney pursuant to which the Certificate of Limited Partnership or any amendment thereto has been executed.

8.3.4 Tax Returns. Copies of all of the Partnership's federal, state, and local income tax and information returns and reports, if any, for the six (6) most recent taxable years.

8.3.5 Limited Partnership Agreement. Copies of this Agreement and all amendments thereto, together with any powers of attorney pursuant to which this Agreement or any amendment thereto has been executed.

8.3.6 Financial Statements. Copies of the Partnership's financial statements for the six (6) most recent Fiscal Years.

8.3.7 Books & Records. The books and records of the Partnership as they relate to the internal affairs of the Partnership for at least the current and the preceding four fiscal years.

8.4 ANNUAL REPORT. At the end of each Fiscal Year, the General Partner shall (a) close the books of the Partnership and (b) cause a financial statement to be prepared reflecting the financial condition of the Partnership and its profits and losses. The General Partner shall deliver to each Partner within 120 days after the end of each Fiscal Year of the Partnership an annual report containing:

8.4.1 A balance sheet and income statement, and a statement of changes in the financial position of the Partnership, as of the close of the preceding Fiscal Year;

8.4.2 A statement showing the Capital Account of each Partner as of the close of the Fiscal Year, and the distributions, if any, made to the Partners during the Fiscal Year.

8.5 AUDIT RIGHTS. The Limited Partners holding not less than one-half of the Percentage Interests of the Partnership may obtain an audit of the Partnership's books by independent certified public accountants selected by them, but no more than one such audit by the Partners may be conducted in any Fiscal Year of the Partnership.

8.6 INSPECTION AND COPYING RIGHTS. Each Partner shall have the right, upon reasonable request and for a purpose reasonably related to the Interest of such person as a Partner:

8.6.1 To inspect and copy during normal business hours any of the records required to be maintained by the Partnership pursuant to Section 8.3 above; and

8.6.2 To obtain from the Partnership at its expense (a) the Partnership's membership list, (b) the name and address of the General Partner, (c) a copy of the Partnership's federal, state or local income tax or information returns for any Fiscal Year, and (d) the Limited Partnership Agreement of the Partnership and any amendments thereto.

8.7 TAX REPORTING INFORMATION. Within ninety (90) days after the end of each Fiscal Year of the Partnership, the Partnership shall furnish each person who is or was an Owner at any time during the preceding Fiscal Year (a) a copy of the Partnership's federal, state or local income tax or information returns for that Fiscal Year, and (b) any additional information that the Owners may require for the preparation of their individual federal and state income tax returns. The General Partner shall from time to time make such tax elections as it deems necessary or desirable in its reasonable discretion to carry out the business of the Partnership. In making any such elections, the General Partner need consider only the interests of the Partnership and the Partners as a group and shall have no obligation to consider the individual interests of any individual Partner in determining whether or not to make any election.

8.8 DEPOSIT OF FUNDS. Funds held by the Partnership in excess of its immediate cash requirements may be deposited in any of the following: (a) federally-insured savings accounts, (b) certificates of deposit, (c) deposits in commercial banks, (d) government securities, and/or (e) other short-term investment securities, including money market securities but excluding unsecured commercial paper.

9 TRANSFER OF PARTNERSHIP INTERESTS

9.1 TRANSFERS AND ASSIGNMENTS BY PARTNERS. Except as otherwise provided in this Section 9, no Owner shall transfer, assign, convey or otherwise dispose of all or any part of his or her Interest in the Partnership without the prior written consent of the General Partner. To the extent permitted by the Act, any such consent may be withheld, conditioned or delayed as the General Partner determines to be appropriate. Any sale, transfer or assignment of an Interest in the Partnership made in violation of the provisions of this Section 9 shall be void and of no force or effect.

9.2 PERMITTED ASSIGNMENTS AND TRANSFERS. The following transfers or assignments are Exempt Transfers that are permitted without the consent of the General Partner and without compliance with the provisions of Section 9.4, below:

9.2.1 Estate Planning Transfers. Any transfer or assignment to a Permitted Transferee;

9.2.2 Transfers to Partners. The transfer of an Interest among the existing Partners;

9.2.3 Previously Approved Transfers. The transfer of an Interest to any person whom all of the Partners have previously consented in writing to admit as a Partner.

9.2.4 Encumbrance of Interest. The pledge or hypothecation of the Interest of an Owner provided that (a) such pledge or encumbrance has been consented to by the General Partner, which consent shall not be unreasonably withheld in favor of an institutional lender or investor, and (b) the lender acknowledges in writing that, upon foreclosure of any such encumbrance, the lender or its assignee shall

only be an Economic Interest Holder and shall not be entitled to be admitted as a Partner without the approval of the General Partner as provided in Section 9.6, below.

9.3 RIGHT OF FIRST REFUSAL. Any sale or transfer of all or any portion of an Interest in the Partnership, or in the beneficial ownership and voting interest of any legal entity that holds any such Interest, pursuant to a transaction which is not an Exempt Transfer under Section 9.2, above, shall constitute a Restricted Transaction. Any such Restricted Transaction shall be subject to the first refusal rights contained in this Section 9.3.

9.3.1 Notice. Any Owner desiring to engage in a Restricted Transaction shall first give the General Partner written notice of such desire, setting forth the terms and conditions upon which the Transferring Owner is prepared to dispose of the Interest proposed to be transferred (a "Notice of Proposed Transfer"). The General Partner may but shall not be required to furnish a copy of such Notice to each of the Partners.

9.3.2 Purchase by Partnership. The Partnership shall have a period of fifteen (15) days after its receipt of the Notice of Proposed Transfer (the "Initial Offering Period") within which to reach an agreement for the acquisition of the Interest proposed to be sold or transferred on terms and conditions that are acceptable to the Transferring Owner. If the Partnership and the Selling Owner are unable to reach agreement for the sale and transfer of the Interest proposed to be transferred within the Initial Offering Period, then the Transferring Owner shall be entitled to offer such Interest to third parties.

9.3.3 Pending Transactions. Should the Transferring Owner thereafter receive a bona fide offer to acquire the Interest proposed to be transferred which the Transferring Owner desires to accept, then the Transferring Owner shall furnish notice of the proposed transfer, specifying the name and address of the proposed purchaser, the proposed purchase price (which must be an amount specified in dollars, but which may be paid in a lump sum or in installments over an extended period of time) and the terms of the proposed transfer (a "Pending Transaction Notice"), to the General Partner. The General Partner may but shall not be required to furnish a copy of such Pending Transaction Notice to each of the Partners.

9.3.4 Re-Offer Period. The Partnership shall have thirty (30). days after the General Partner's receipt of the Pending Transaction Notice (the "Re-offer Period") to deliver to the Transferring Owner a written offer to purchase all of the Interest of the Transferring Owner upon the terms described in the Proposed Transfer Notice. At its election, the Partnership may elect to (a) redeem the Interest proposed to be transferred by purchasing it for the account of the Partnership, or (b) purchase the Interest for resale in whole or in part to one or more of the Partners, or (c) assign its right of first refusal and its purchase right in whole or in part to one or more of the Partners, but the Partnership shall not resell the Interest, or assign its right to purchase the Interest, to one or more of the Partners unless it has offered all of the Partners the opportunity to purchase so much of the available Interest that the Partnership does not elect to redeem as his or her Percentage Interest bears to the Percentage Interests of all the Partners.

9.3.5 Transfer. If the entire Interest proposed to be sold or transferred is subscribed for as provided herein, assignment of the interest to the purchasing Partners shall be made within fifteen (15) days after the expiration of the Re-offer Period. Payment for such Interest shall be made in accordance with the terms and conditions specified in the Pending Transaction Notice.

9.3.6 Failure to Purchase. If Partnership or its assignees fail to purchase the entire Interest proposed to be sold or transferred within the forty-five (45) days after the General Partner's receipt of the Pending Transaction Notice, and provided the General Partner has consented to the proposed transfer or assignment (which consent shall not be unreasonably withheld), then the Transferring Owner may transfer or assign his or her Interest in the Partnership to the person named in the Pending Transaction Notice, subject to the provisions of Section 9.4, below, at the price and on the terms and conditions set forth

in such Notice. However, if such Transferring Owner fails to exercise such right within thirty (30) days after the date of the General Partner's consent thereto, such right shall terminate and such Transferring Owner shall not thereafter sell or transfer such interest to any person without first again complying with the provisions of this Section 9.3.

9.4 REQUIREMENTS FOR ASSIGNMENT OF INTERESTS. The assignment of all or any part of the Partnership Interest of a Partner, whether an Exempt Transfer or pursuant to the consent of the General Partner, must satisfy each of the following requirements:

9.4.1 Assignment Instrument. Such assignment must be effected by a written instrument in form and content satisfactory to the General Partner; and

9.4.2 Opinion of Counsel. The Transferring Owner must have provided, if requested by the General Partner, a legal opinion of counsel designated by the General Partner that the Restricted Transaction will not violate any of the restrictions on transfer set forth in this Agreement or provided by law, or result in the loss of the Partnership's status as a partnership for tax reporting purposes; and

9.4.3 Legend Condition. All instruments reflecting such assignment must display in a prominent position any legend required under applicable federal securities laws and then-current regulations of the Department of Corporations of the State of California and any other state having jurisdiction over the issuance of Partnership Interests in the Partnership; and

9.4.4 Processing Fees. Either the Transferring Owner or the assignee shall reimburse the reasonable costs and expense, including attorneysô fees, incurred by the Partnership in reviewing, processing and acting upon any Notice of Proposed Transfer or Pending Transaction Notice, and in preparing or reviewing any documents necessary to effectuate any such transfer or assignment or to record such assignment in the books and records of the Partnership.

9.5 RIGHTS OF ASSIGNEE. The assignee of a Partnership Interest who is not a Permitted Transferee, including any lender or other person who acquires the Partnership Interest of a Partner upon the foreclosure of a security interest in such Partnership Interest, shall be an Unadmitted Assignee whose rights shall be governed by the following provisions:

9.5.1 Limitation on Rights. Any such Unadmitted Assignee shall not be a Partner but shall only be an Economic Interest Holder unless and until he or she is admitted as a Partner in accordance with the provisions of Section 9.6, below.

A. If such Unadmitted Assignee is the executor, administrator, guardian, conservator, or other legal representative of a Terminated Partner who is deceased or who has been adjudged by a court of competent jurisdiction to be incompetent to manage his or her person or property, such Unadmitted Assignee may exercise all of the Partner's rights for the purpose of settling the Terminated Partner's estate or administering the Terminated Partner's property, including any power the Terminated Partner has under the Articles or this Agreement to give an assignee the right to become a Partner.

B. If such Unadmitted Assignee is the legal representative of or successor to a Terminated Partner that was a corporation, trust, or other entity that has dissolved or terminated, such assignee may exercise all of the powers of such Terminated Partner.

C. Any such Economic Interest Holder shall have the right to receive the proportionate share of the Net Income, Net Loss, and Distributable Cash or the Partnership allocable to the Partnership Interest transferred or acquired.

9.5.2 Inspection & Voting Rights. Except as expressly provided in Section 9.5.1, above, an Unadmitted Assignee shall have no right to require any information or account of the Partnership's transactions, to inspect the Partnership's books and records, or to vote on or consent to any matters as t which a Partner would be entitled to vote or consent under this Agreement or otherwise shall have no right to vote or participate in the management of the business, property and affairs of the Partnership or to exercise any rights of a Partner.

9.5.3 Right of Partners to Nullify Transfer. Notwithstanding the foregoing provisions of this Section 9.5, if in the determination of the Partners a transfer in violation of this Article 9 would cause the termination of the Partnership under the Code, then in the sole discretion of the Partners the transfer shall be null and void and the purported transferee shall not become either a Partner or an Economic Interest Holder.

9.6 ADMISSION OF ASSIGNEES AS PARTNERS. The assignee of the Partnership Interest of a Partner shall be admitted as a Partner only upon the following conditions:

9.6.1 Approval by Partners. The admission of such assignee as a Partner of the Partnership has been consented to in writing by the General Partner. To the extent permitted by the Act, any such consent may be withheld, conditioned or delayed as the General Partner determines to be appropriate.

9.6.2 Costs. The assignee has paid the reasonable costs and expenses incurred in connection with his or her substitution as a Partner, including but not limited to any reasonable transfer fee established by the Partnership and the costs of preparing, publishing, and filing such documents and instruments as are necessary or proper to effect such substitution and the attorneys' fees of counsel for the Partnership.

9.6.3 Assumption Agreement. The assignee has agreed in writing to be bound by all of the provisions of this Agreement.

9.7 OPTIONAL ADJUSTMENT TO BASIS OF PARTNERSHIP PROPERTY. In the event of the sale or gift of all or any portion of the interest of any Owner, the remaining Partners may, in their discretion, make an election on behalf of the Partnership as provided in Section 754 of the Code and cause the Partnership to make the adjustments to the basis of the property of the Partnership (with regard to the assignee of the Partnership interest only) as provided in the Code.

9.8 CONTINUING LIABILITY OF ASSIGNOR. The assignment by an Owner of his or her Partnership Interest shall not relieve the Transferring Owner from liability to the Partnership for unpaid Capital Contributions or for the return of prohibited distributions in accordance with the provisions of Chapters 5 and 6 of the Act.

10 CHANGES IN PARTNERSHIP

10.1 CESSATION AS A PARTNER. A Person shall cease to be a Partner upon the occurrence of any of the following Partner Termination Events:

10.1.1 In the case of an individual, (a) upon the death of such person or (b) an adjudication by a court of competent jurisdiction that such person is no longer competent to manage his or her estate.

10.1.2 In the case of a Person other than an individual, the dissolution, liquidation or termination of the legal existence of such Person, including (a) in the case of an estate, the distribution by the fiduciary of the estate's entire Partnership Interest in the Partnership and (b) in the case of a trust, the

termination of the trust (but not merely the substitution of a new trustee for the trust, in which case the new trustee shall automatically become a Partner).

10.1.3 In all cases, (a) the retirement, resignation, withdrawal or removal of such Person in accordance with the provisions of this Agreement, or (b) the Bankruptcy of such Person.

10.2 RETIREMENT OR WITHDRAWAL. Except as expressly provided in Article 9, above, no Partner shall be entitled to retire or voluntarily to withdraw from the Partnership unless (a) the entire Interest of such Partner has been assigned in accordance with the provisions of this Agreement, or (b) the term of the Partnership specified in Section 2.3, above, has expired and the Partnership has not then dissolved and wound up its affairs.

10.3 REMOVAL OF A PARTNER. A Partner may be removed only for cause and any such removal shall require a vote of three-quarters (75%) of the Voting Power of the Partners, excluding the votes attributable to any Partnership Interest held by the Partner sought to be removed or by any Affiliate of any such Partner. Cause for removal shall exist only if the Partner has been determined by the Partners, in good faith, to be guilty of (a) fraud, deceit, or intentional misconduct, or (b) a material breach of such person's obligations to the Partnership under this Agreement, or (c) a wrongful taking by such Person, or (d) intentional conduct taken in reckless disregard of a duty owed to the Partnership, its Partners or to a third party that causes injury or damage to Persons, property or the Business of the Partnership. Notice of such removal, specifying the effective date of removal, the cause therefor, and the grounds upon which such cause is based, shall be given to the Partner sought to be removed on or before the effective date specified in such notice.

10.3.1 Dispute. Should the Partner sought to be removed desire to dispute the existence of cause for removal, the Partner shall be required to give written notice of intention to dispute the removal within fifteen (15) days of receipt of the notice for removal. If the removed Partner fails to give notice of a dispute as provided herein, the Partner shall be conclusively presumed to have consented to such removal.

10.3.2 Dispute Resolution. Any dispute regarding the existence of cause for removal of the Partner shall be resolved in the manner provided by Section 13.8, below. Should a Partner dispute his removal for cause, all of his rights as a Partner shall be suspended from and after the proposed effective date of his removal until such dispute has been resolved as provided herein.

10.4 STATUS OF INTEREST OF TERMINATED PARTNER. A Terminated Partner or his or her legal representative or successor-in-interest shall become an Economic Interest Holder having the rights conferred on an Unadmitted Assignee under Section 9.5, above.

10.5 CONTINUATION OF BUSINESS. Following the occurrence of a Partner Termination Event, the Business of the Partnership shall be continued without interruption or a winding-up of the Partnership's affairs provided that (a) there are not less than two remaining Partners and (b) within ninety (90) days after the Termination Date, a Majority in Interest of the remaining Partners elect in writing to continue the Business of the Partnership.

10.6 DISPOSITION OF TERMINATED PARTNER'S INTEREST. Should the Business of the Partnership be continued following the occurrence of a Partner Termination Event, then:

10.6.1 If Successor is a Permitted Transferee. If the Person succeeding to the Interest of a Terminated Partner is a Permitted Transferee, then:

A. Upon the approval of a Majority in Interest of the remaining Partners, any Permitted Transferee may, if he or she so desires, be admitted as a Partner of the Partnership; and

B. If the Permitted Assignee is not then a Partner and is not admitted as Partner pursuant to this Section 10.6.1, then the Permitted Transferee shall be entitled to retain such Interest as an Economic Interest Holder having the rights set forth in Section 9.5, above.

10.6.2 If Successor not a Permitted Transferee. If the Person succeeding to the Partnership Interest of a Terminated Partner is not a Permitted Transferee, or if there is no successor to such Interest, then the Partnership shall be entitled to purchase all or any portion of the Partnership Interest of the Terminated Partner, and the Person succeeding to the Interest shall be entitled to retain as an Economic Interest Holder any portion such Interest that is not so purchased.

A. The Partnership shall give notice of its intention to purchase all or a portion of the Partnership Interest of the Terminated Partner within thirty (30) days after the Termination Date. Any such purchase shall be made at the price and on the terms and conditions set forth in Article 11, below.

B. The right of the Partnership to purchase all or a portion of the Interest of a Terminated Partner may, by the vote of a Majority in Interest of the Partners (excluding any vote attributable to the Interest of the Terminated Partner), be exercised instead by a remaining or successor Partner, if any.

10.6.3 No Prejudice to Other Rights. The purchase of the Interest of a Partner who has been removed for cause shall not prejudice the right of the Partnership to recover from such removed Partner any damages suffered by the Partnership for which such Partner is liable under the terms of this Agreement.

10.7 DISTRIBUTIONS TO TERMINATED PARTNER. If all or any portion of the Partnership Interest of a Terminated Partner is purchased by the Partnership pursuant to Section 10.6, above, then (in addition to the purchase price for such Interest), there shall be paid to the Terminated Partner or his or legal representative the proportionate share of the following amounts allocable to the Interest so purchased, to the extent not otherwise included in the purchase price for such Interest:

10.7.1 Any positive balance in the terminated Partner's income account;

10.7.2 The balance of any loan owing to the Terminated Partner by the Partnership;

10.7.3 The proportionate share of the Net Income or the Net Loss of the Partnership any realized through the Termination Date, unless such share has already been posted to the income account of the Terminated Partner; and

10.7.4 Any other sums then owing to the Terminated Partner from the Partnership; but

10.7.5 Reduced by any indebtedness owing from the Terminated Partner to the Partnership, including any negative balance in such Terminated Partner's Capital Account.

11 PURCHASES AND REDEMPTIONS OF PARTNERSHIP INTERESTS

11.1 PURCHASE PRICE FOR PARTNERSHIP INTERESTS. The purchase price for the Partnership Interest of a Terminated Partner shall be the fair market value of such Interest. Such value shall be based upon the proportionate share of the net value of the Partnership's Business allocable to such Partnership Interest as of the Valuation Date, without talking into account any minority interest discounts or discounts for lack of marketability or lack of control.

11.1.1 As used herein, the net value of the Partnership's Business shall mean the amount that a willing buyer would pay to a willing seller for the entire Business of the Partnership, neither under a compulsion to buy or sell and both having knowledge of all relevant facts, less the less the estimated expense of disposing of the Partnership's Business, including but not limited to escrow fees, closing costs and brokerage commissions.

11.1.2 The determination of such value be made by the mutual agreement of the purchaser and the Interest Holder and, if they are unable to agree upon the value of the Interest to be purchased within sixty (60) days after the Termination Date, then such value shall be determined in the manner provided by Section 11.2, below.

11.1.3 If less than the entire Interest of the Termination Partner is being purchased, the purchase price shall be prorated in proportion to the fraction of the interest being purchased.

11.2 DETERMINATION BY APPRAISAL. If the purchaser and an Interest Holder cannot agree upon the value of the Partnership Interest of a Terminated Partner to be purchased pursuant to Section 10.6, above, then such value shall be determined by appraisal as provided by this Section 11.2.

11.2.1 Appraisal Procedure. The purchaser and the Interest Holder shall each select an independent appraiser within fifteen (15) days of the request of either party for appraisal. The two appraisers so appointed shall endeavor to agree on the value of the Interest to be purchased within thirty (30) days after the date of their appointment. If they are unable to agree within such thirty (30) day period, then within fifteen (15) days thereafter the two (2) appraisers shall select a third appraiser and a determination of the purchase price shall be made by the agreement of at least two of the three appraisers; if no two of the appraisers are able to agree within thirty (30) days after the appointment of the third appraiser, then the purchase price shall be the average of the three (3) appraisals; provided, however, that if the highest appraisal or the lowest appraisal is more than ten percent (10%) higher or lower than the middle appraisal, then the lowest appraisal or the highest appraisal or both shall be disregarded. If only one (1) appraisal is disregarded, the remaining two (2) appraisals shall be added together, their total divided by two (2) and the resulting quotient shall be the value of the Interest to be purchased. If both the lowest appraisal and the highest appraisal are disregarded, then the middle appraisal shall be the value of the Interest to be purchased.

11.2.2 Election to Purchase. If the value of the Interest to be purchased is determined by appraisal as provided this Section 11.2, then the purchaser(s) shall have a period of ten (10) days after such purchase price has been determined within which to elect whether or not to proceed with the purchase of such Interest. Failure to notify the Interest Holder in writing within such ten (10) day period of the portion of the Interest that will be purchased shall constitute an election not to purchase any portion of such Interest.

11.2.3 Appraisal Costs. If any appraiser is not designated within the time periods specified herein, such appraiser may be designated by a Judge of the Superior Court for Los Angeles County upon the petition of any party. The Interest Holder shall pay that portion of the total costs and fees of the appraisal proceedings (including the costs and fees incurred in securing the judicial appointment of an appraiser as provided herein) that is equal to the Percentage Interest of the Interest that is being purchased, and the balance of all such costs and fees shall be paid by the Partnership or the purchasing Partner(s).

11.3 PAYMENT OF PURCHASE PRICE. Unless the purchaser(s) and the Interest Holder agree to a different manner of payment, the purchaser(s) shall deliver to the Interest Holder a cash down payment in an amount equal to one-third (33.33%) of the purchase price within ten (10) days after such price has been agreed upon or determined. Concurrently with such payment, the Partnership or the purchasing Partner(s) shall deliver to the Interest Holder a promissory note for the unpaid principal balance of the purchase price (the "Purchase Money Note") containing the terms set forth below.

11.3.1 Any Purchase Money Note given as partial payment for a Partnership Interest being purchased pursuant to this Agreement shall be payable to the order of the Interest Holder and, in addition to such provisions as would be usual and customary in a commercial promissory note, shall provide for:

A. Prepayment in whole or in part at any time without penalty;

B. The accrual and payment of interest quarterly in arrears from the Valuation Date at the minimum interest rate then permitted by federal law without giving rise to original issue discount or creating a below-market loan, as such terms are defined in the Internal Revenue Code, as amended;

C. Payment of the unpaid principal balance and all accrued and unpaid interest upon the earlier of dissolution of the Partnership or three (3) years from the Valuation Date.

11.3.2 If the Interest is being purchased by the Partnership, the Purchase Money Note shall be secured by a lien on the assets of the Partnership having a net value equal to 120% of the unpaid principal balance of such note, but any such lien shall be junior and subordinate to (a) any existing liens encumbering such assets and (b) the lien given to secure a loan obtained for the purpose of refinancing existing liens or encumbrances provided that the original principal amount of such refinancing loan does not exceed 105 % of the unpaid principal amount of the obligations being refinanced. The Purchase Money Note and the instrument creating such lien shall:

A. Require mandatory principal payments from the Partnership's Distributable Cash during each calendar quarter, to be paid within fifteen days after the end of each calendar quarter, in an amount equal to the greater of (i) one-twelfth (1/12) of the original principal balance of such Note, so that, to the extent the Partnership's Distributable Cash in each calendar quarter so permits, the Note will be amortized in twelve (12) equal quarterly payments over a three (3)-year period, or (ii) any Distributable Cash during such quarter that is allocable to the purchased Interest; and

B. Prohibit any distributions to the Partners at a time when payments owing under the Purchase Note are delinquent; and

C. Require mandatory principal payments or prepayments to the extent of any Partnership distributions allocable to the Interest purchased from the Interest Holder, but any such payments shall be credited against the quarterly amortization payments required by subparagraph 11.3.2.A, above.

11.3.3 If the Interest is being purchased by one or more of the Partners, the Purchase Money Note shall be secured by a lien on the entire Partnership Interests of the purchasing Partners, including the Interest being purchased. The Purchase Money Note and the security agreement by which such interests are pledged shall:

A. Require mandatory principal payments from Distributable Cash received by the purchasing Partners from the Partnership, to be paid within fifteen days after the end of each calendar quarter from Distributable Cash received during the preceding quarter, in an amount equal to the greater of (i) one-twelfth (1/12) of the original principal balance of such Note, so that, to the extent the Distributable Cash received by the purchasing Partners in each calendar quarter so permits, the Note will be amortized in twelve (12) equal quarterly payments over a three (3) year period, or (ii) any Distributable Cash during such quarter that is allocable to the purchased interest; and

B. Require mandatory principal payments or prepayments to the extent of any Partnership distributions allocable to the Interest purchased from the Interest Holder, but any such payments shall be credited against the quarterly amortization payments required by subparagraph 11.3.3.A, above.

12 DISSOLUTION AND TERMINATION

12.1 DISSOLUTION. The Partnership shall be dissolved upon the occurrence of the first of the following events:

12.1.1 Vote of the Partners. By the affirmative vote of the holders of two thirds of the Voting Power of the Partners.

12.1.2 Vote of the General Partner. By the vote of the General Partner, acting alone, if the Partnership has insufficient capital to continue its Operations and the Partnership is unable to obtain any additional required capital from existing or new Partners.

12.1.3 General Partner Termination Events. If a General Partner becomes bankrupt or insolvent or ceases to be a Partner unless a remaining General Partner and the holders of a Majority of the voting power of the Partners elect to continue the business of the Partnership.

12.1.4 Sale of All Assets. The sale by the Partnership of all or substantially all of its assets, except that if the consideration to be received by the Partnership by reason of such sale is to be received over a period of time, the General Partner may elect to maintain the existence of the Partnership until the later of the expiration of such period of time and the Partnership's receipt of all of such consideration.

12.1.5 Judicial Dissolution. The entry of a decree of judicial dissolution by a court of competent jurisdiction.

12.2 CERTIFICATE OF DISSOLUTION. As soon as possible following the occurrence of any of the events specified in Section 12.1, the appropriate representative of the Partnership shall execute and file with the California Secretary of State a Certificate of Dissolution under Section 15623 of the Act. Upon the filing with the Secretary of State of the Certificate of Dissolution, the Partnership shall cease to carry on its business, except insofar as may be necessary for the winding up of its business and the liquidation of its assets.

12.3 WINDING UP, LIQUIDATION AND DISTRIBUTION. Promptly after the filing of the Statement of Intent to Dissolve, the General Partner shall commence to wind up the Business and affairs of the Partnership and shall cause the Partnership's independent accountants to make an accounting of the accounts of the Partnership and of the Partnership's assets, liabilities and operations. The General Partner shall take full account of the Partnership's assets and liabilities, and the receivables of the Partnership shall be collected and its assets liquidated as promptly as is consistent with obtaining the fair market value thereof.

12.4 PROCEEDS OF LIQUIDATION. The Owners shall share Net Profits and Net Losses during the period of winding up and liquidation, and any gain or loss from the disposition of the Partnership's assets during such period, in accordance with the provisions of Article 7 of this Agreement. The proceeds from the liquidation of the Partnership's assets and the collection of the Partnership's receivables shall be applied and distributed in the following order:

12.4.1 Liquidation Expenses. To the expenses of liquidation and dissolution of the Partnership, including, without limitation, brokerage commissions from the sale of the Partnership's assets, escrow costs, accounting and legal fees, and other expenses.

12.4.2 Creditor Claims. To the liabilities and obligations of the Partnership to its creditors.

12.4.3 Reserves. To the creation of any Reserves which the General Partner may deem necessary during the period of liquidation.

12.4.4 Liabilities to Partners. To satisfy the liability of the Partnership for unpaid distributions previously accrued for the benefit of Partners and former Partners.

12.4.5 Distribution of Capital Accounts. To the Owners who have positive balances in their Capital Accounts in accordance with the ratio of such positive balances until no Owner has a positive balance his or her Capital Account.

12.4.6 Distribution of Profits. Thereafter, to the Owners in accordance with the provisions of Section 7.1 of this Agreement.

12.5 DISTRIBUTIONS IN KIND. The General Partner shall make distributions in kind to the Partners in accordance with this Section.

12.5.1 Tax Deferred Exchanges. In connection with a sale of the Property pursuant to which any Partner notifies the General Partner that the Partner wishes to participate in a tax deferred exchange pursuant to Section 1031 of the Code, the General Partner shall make distributions in kind to the Partners by deed to be recorded prior to or concurrently with the closing of the sale of such undivided interests in the Property as the General Partner deems appropriate, in order to enable the Partners to arrange exchanges through qualified intermediaries. As a condition of making such a distribution in kind to a Partner, the General Partner shall require the Partner to execute and deliver such documentation as the General Partner may deem necessary and appropriate to insure that: (a) the closing of the sale of the Property is not delayed, and is concluded in accordance with the terms of the sale contract, escrow instructions, loan agreements and other contractual obligations; and (b) sufficient funds are available either from operating reserves or from sale proceeds to satisfy all debts and obligations, and pay all expenses associated with the winding up and dissolution of the Partnership.

12.5.2 Wind Up and Dissolution. The General Partner shall be entitled, in its discretion, to make distributions in kind to the Partners (either as undivided interests or as 100% interests in different assets of the Partnership to each Partner) in connection with the dissolution and winding up of the Business and affairs of the Partnership, but no Partner shall be required to accept distribution of any asset in kind to the extent that the percentage ownership in the asset proposed to be distributed to such Partner exceeds his Percentage Interest in the Partnership. If property shall be distributed in kind as provided herein, the Capital Accounts of the Partners shall be adjusted as if such property had been sold for its fair market value immediately before such distribution.

12.6 TERMINATION OF EXISTENCE. When all the debts, liabilities and obligations of the Partnership have been satisfied and discharged or adequate provision has been made for their payment, and all remaining property and assets of the Partnership have been distributed to the Partners, the General Partner or, if there be none, any remaining Partner shall execute, verify and file a Certificate of Cancellation of the Partnership's Certificate of Limited Partnership with the California Secretary of State in accordance with the requirements of Section 15623 of the Act, and the existence of the Partnership shall thereupon terminate.

12.7 COMPENSATION UPON LIQUIDATION. The General Partner shall not be entitled to additional compensation for services rendered in connection with the liquidation and winding up of the

Partnership unless such additional compensation is set forth in a written agreement signed by a Majority in Interest of the Partners.

12.8 DEFICIT CAPITAL ACCOUNTS No Partner having a deficit Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs) upon a liquidation within the meaning of paragraph (b)(2)(ii)(g) of *IRC Reg.* § 1.704-1, shall have an obligation to make any Capital Contribution to the Partnership, and the negative or deficit balance of such Partner's Capital Account shall not be considered a debt owed by such Partner to the Partnership, to any Partner or to any other person for any purpose whatsoever.

12.9 RETURN OF CONTRIBUTION NONRECOURSE. Except as provided by law or as expressly provided in this Agreement, upon the dissolution of the Partnership, each Owner shall look solely to the assets of the Partnership for the return of any Capital Contribution made by such Partner. If the Partnership's assets remaining after the payment or discharge of the Partnership's debts and liabilities are insufficient to return the Capital Contributions of one or more Owners, such Owners shall have no recourse against any of the Partners.

12.10 GENERAL PARTNER'S LIABILITY. No General Partner shall have any individual liability for any action taken in connection with the dissolution, liquidation, or termination of the Partnership, except to the extent provided in Section 5.8.1, above.

13 GENERAL PROVISIONS

13.1 NOTICES. Any Notice or report given pursuant to this Agreement may be served personally on the person to be notified in the manner provided by Section 1, above, addressed to the party for whom intended at the address for such party set forth on the signature page of this Agreement or at such other address as such person may from time to time designate in writing for such purposes. If any notice or report addressed to an Owner is returned to the Partnership by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice or report to the Partner at the address, all future notices and reports shall be deemed to have been duly given to such Owner without further mailing if they are available for the Owner at the principal executive office of the Partnership for a period of one (1) year from the date of the giving of the notice or report to all other Owners.

13.2 BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of each of the parties and their respective heirs, successors, assigns and legal representatives.

13.3 COUNTERPARTS. This Agreement may be executed in several counterparts, and all so executed shall constitute one and the same agreement, which shall be binding on all the parties hereto, notwithstanding that not all of the parties may be signatory to the original or to the same counterpart.

13.4 WAIVER OF BREACH. The waiver by any party of any other party's breach of or failure to perform any term or condition of this Agreement shall not be, or be deemed to be, a waiver of any subsequent breach by such party of the same or any other term or condition of this Agreement, and the failure by any party to enforce any right or remedy he or she might have by reason of the breach by or failure of any other party to perform any obligation under this Agreement shall not be, or be deemed to be, a waiver of any subsequent failure by such other party to perform the same or any other obligation under this Agreement.

13.5 CAPTIONS. Captions to, and headings of, the articles, sections, subsections, paragraph' or subparagraphs of this Agreement are solely for the convenience of the parties, are not a part of this

Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

13.6 INTERPRETATION. All pronouns and any variation thereof shall be deemed to refer to the masculine, feminine, or neuter and to the singular or plural, as the identity of the person or persons may require for proper interpretation of this Agreement.

13.7 GOVERNING LAW. All questions with respect to the construction of this Agreement and the rights and liabilities of the parties with respect thereto shall be governed by the laws of the State of California applicable to contracts made and to be fully performed in the State of California.

13.8 DISPUTE RESOLUTION. Any controversy, claim, action or dispute arising out of or relating to this Agreement, shall be heard in a court of competent jurisdiction in the County of Los Angeles, State of California, by a reference pursuant to the provisions of the California Code of Civil Procedure Sections 638 through 645.1, inclusive, according to the following procedures:

13.8.1 The parties shall agree upon a single referee who shall then try all issues, whether of fact or of law, and report a finding and judgment thereon. If the parties are unable to agree upon a referee within ten (10) days of a written request to do so by any party, then any party may thereafter seek to have a referee appointed pursuant to California Code of Civil Procedure Sections 638 and 640;

13.8.2 The referee shall have the power to decide all issues of fact and law and report his/her decision thereon, and to issue all legal and equitable relief appropriate under the circumstances of the controversy before him/her; provided, however, that to the extent the referee is unable to issue and/or enforce any such legal and equitable relief, either party may petition such relief on the basis of the refereeôs decision;

13.8.3 The California Evidence Code rules of evidence and procedure relating to the conduct of the hearing, examination of witnesses and presentation of evidence shall apply;

13.8.4 Any party desiring a stenographic record of the hearing may secure a court reporter to attend the hearing; provided, the requesting party notifies the other parties of the request and pays for the costs incurred for the court reporter;

13.8.5 The referee shall issue a written statement of decision which shall be reported to the court in accordance with California Code of Civil Procedure Section 643 and mailed promptly to the parties;

13.8.6 Judgment may be entered on the decision of the referee in accordance with California Civil Code of Civil Procedure Section 644, and the decision may be excepted to, challenged and appealed according to law;

13.8.7 The parties shall promptly and diligently cooperate with one another and the referee, and shall perform such acts as may be necessary to obtain a prompt and expeditious resolution of the dispute or controversy in accordance with the terms hereof; and

13.8.8 The cost of such proceeding including but not limited to the refereeôs fees, shall initially be borne equally by the parties to the dispute or controversy.

13.9 ATTORNEYS' FEES. In any action or proceeding between the parties seeking enforcement of any of the terms and provisions of this Agreement, the prevailing party in such action shall be awarded, in

addition to damages, injunctive or other relief, its reasonable costs and expenses, not limited to taxable costs, and reasonable attorneysô fees.

13.10 FACSIMILE SIGNATURES. Facsimile signatures of the parties on this Agreement or on any document or instrument delivered pursuant to this Agreement shall be deemed to be original signatures and shall be sufficient to bind the parties. Each party covenants to deposit the original, manually signed document for delivery by courier or by registered or certified mail. to the party to whom such facsimile signature was transmitted within two business days after the date of any such facsimile transmission.

13.11 CREDITORS. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Partnership or any Owner.

13.12 PARTIAL INVALIDITY. Each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

13.13 GOOD FAITH BY PARTNERS. Partners shall act in good faith in entering into any sale, exchange or other disposition or refinancing of all or substantially all of the assets of the Partnership or any transaction that may result in a sale, exchange or other disposition or refinancing of all or substantially all of the assets of the Partnership, and Partners shall not engage in any such transactions with the intent to deprive any Partner of any portion of its interest hereunder or the value thereof. Partners shall make full and timely disclosure to the General Partner of all facts respecting any such transaction promptly as such facts are obtained by Partners and in any event prior to the closing thereof; and Partners shall promptly furnish to General Partner all proposed contracts of sale and other documents relating to any sale, exchange or other disposition or refinancing of all or substantially all of the assets of the Partnership, or any interest therein, promptly as such documents are received by Partners and prior to the execution by the Partnership of any and all documents.

13.14 AMENDMENTS. Except as otherwise required by law:

13.14.1 This Agreement and the Certificate of Limited Partnership of the Partnership may be amended in any respect upon the affirmative vote or written consent of the General Partner and a Majority in Interest of the Partners, except that this Agreement may not be amended so as to (a) modify the limited liability of an Owner, or (b) alter the interest of any Owner in Net Profits, Net Losses or distributions of the Partnership, in each case without the consent of each Owner to be adversely affected by the amendment;

13.14.2 The General Partner, acting alone, shall be entitled to amend this Limited Partnership Agreement from time to time without the consent of the Partners (a) to cure any ambiguity or to correct or supplement any provision in the Limited Partnership Agreement which may be inconsistent with any other provision in the Limited Partnership Agreement, (b) to delete or add any provision of the Limited Partnership Agreement required to be so deleted or added by any regulatory agency having jurisdiction over the Partnership which is deemed by such agency to be for the benefit or protection of the Partners, (c) to conform with the requirements of any lender providing financing for the acquisition or refinancing of the Property, including, but not limited to, any amendments to limit the Partnershipôs activities to that of a single purpose or special purpose entity, the inclusion of separateness covenants to require the Partnership segregate its assets from any affiliates, and/or the addition of provisions limiting the Partnershipôs ability to file bankruptcy proceeding, or (d) to admit additional Partners contributing additional capital on terms that have been approved by the Majority in Interest of the Partners, provided that in each case the amendment so adopted (1) is for the benefit of and not adverse to the interests of the Partners, (2) does not alter the interest

of a General Partner or Partner in the profits or losses or in cash distributions of the Partnership except as the result of the admission of additional Partners making additional Capital Contributions to the Partnership on terms that have been approved by the Limited Partners, and (3) does not alter (i) the limited liability of the Partners, (ii) the status of the Partnership as a limited partnership, or (iii) the taxation of the Partnership as a partnership for federal and state income tax purposes. The General Partner, acting alone, shall also be entitled to amend the Certificate of Limited Partnership of the Partnership to conform to any amendment made to this Limited Partnership Agreement.

13.15 ENTIRE AGREEMENT. This Agreement contains the entire understanding between the Owners, and supersedes any prior written or oral agreements between them respecting the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, either oral or written, between or among any of the Owners relating to the subject matter of this Agreement which are not fully expressed herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective on the date set forth above.

GENERAL PARTNER:

ARI CHATSWORTH MANAGEMENT, LLC,
a California limited liability company

By: ADLER REALTY INVESTMENTS, INC.,
a California corporation
Its: Manager

By: _____
Michael S. Adler, President

[Signatures Continued on Next Page]

LIMITED PARTNERS:

ARI CHATSWORTH INVESTMENT, LLC,
a California limited liability company

By: ARI CHATSWORTH MANAGEMENT, LLC,
a California limited liability company
Its: Manager

By: ADLER REALTY INVESTMENTS, INC.,
a California corporation
Its: Manager

By: _____
Michael S. Adler, President

SHARON LYNNE BOYAR

_____
SHARON LYNNE BOYAR, INDIVIDUALLY AND AS TRUSTEE OF THE SHARON BOYAR TRUST, U/D/T 12/14/98, as amended and restated on 2/6/99, and as further amended on 4/9/03

EXHIBIT A

Schedule of Capital Contributions

Partner:	Capital Contribution	Percentage Interest
ARI CHATSWORTH MANAGEMENT, LLC	-0-	0%
ARI CHATSWORTH INVESTMENT, LLC	$_____	_____%
SHARON LYNNE BOYAR, INDIVIDUALLY AND AS TRUSTEE OF THE SHARON BOYAR TRUST, U/D/T 12/14/98, as amended and restated on 2/6/99, and as further amended on 4/9/03	$_____	_____%

EXHIBIT B

Legal Description of Property

EXHIBIT C

Recapitalization Budget

EXHIBIT B

Promissory Note by Sharon Boyar

PROMISSORY NOTE

$400,000.00

_____, 2012
Los Angeles, California

For Value Received, the undersigned, SHARON LYNNE BOYAR, INDIVIDUALLY AND AS TRUSTEE OF THE SHARON BOYAR TRUST, U/D/T 12/14/98, as amended and restated on 2/6/99, and as further amended on 4/9/03 (jointly, severally and collectively, the "Borrower"), hereby promises to pay to the order of ARI CHATSWORTH INVESTMENT, LLC, a California limited liability company (the "Lender"), the principal amount (the "Principal Amount") of Four Hundred Thousand Dollars ($400,000.00), plus such "Additional Distribution" of principal as may be advanced hereunder pursuant to Section 2.c. of the Investment Agreement (defined below) and any advances under the Security Agreement (defined below), together with interest thereon at the Rate of Interest provided below, upon the terms and subject to the conditions set forth in this Promissory Note (the "Note").

1. Security Agreement. This Note is the "Promissory Note" referred to in that certain Agreement for Capital Investment and Loan dated March 21, 2012 (the "Investment Agreement") between Borrower and Adler Realty Investments, Inc., as the predecessor in interest of Lender, and that certain Pledge of Partnership Interest and Security Agreement of even date herewith by and between the Borrower and the Lender (the "Security Agreement"), wherein Borrower grants Lender a security interest in Borrower's Partnership Interests in Chatsworth Industrial Park, L.P., a California limited partnership (the "Partnership") under the Amended and Restated Limited Partnership Agreement of even date herewith (the "Partnership Agreement"). It is understood by Borrower and Lender that Lender's obligation to fund the advances described above, including the advances provided for under Section 2.c. of the Investment Agreement, shall not be affected by Borrower's failure to make any Additional Capital Contribution called for under the terms of the Partnership Agreement. However, no such advances shall be due after a Capital Event (defined below). Any capitalized term which is used in this Note and not otherwise expressly defined herein, shall have the meaning ascribed to it in the Security Agreement and Partnership Agreement.

2. Payment Terms.

2.1 Payments. Monthly payments of interest only, in arrears, shall be made during the term of this Note. Each payment shall be credited first to collection costs and other charges, fees, and amounts (including advances to protect any security for this Note), if any, due hereunder (other than principal and interest), then to interest then due, and the remainder to principal, provided that if this Note is in default, Lender may allocate payment(s) to costs and other charges, fees, and amounts due hereunder and/or interest and/or principal at its discretion. All payments shall be made to Lender at 20951 Burbank Blvd., Suite B, Woodland Hills, CA 91367, or at such other place as Lender notifies Borrower in writing, in monthly installments, each due and payable on the 1st day of each month beginning _____, 2012. Monthly installments shall continue until and including the Maturity Date (as defined below) on which date this Note and all sums of principal, interest and charges due hereunder shall be paid in full.

All sums at any time due under this Note, or under any other agreement executed in connection with the loan evidenced by this Note (the "Loan"), shall be payable in lawful money of the United States.

2.2 Interest. The interest rate of this Note shall be shall eight percent (8%) per annum (the "Rate of Interest"). The Rate of Interest shall be (a) applied to so much of the Principal Amount, including all Additional Distributions made by Lender, as shall be outstanding from time to time; and (b) calculated on the basis of a 365 day year, for the actual number of days outstanding.

2.3 Principal. The outstanding principal balance of this Note plus any accrued interest are due and payable no later than the earlier to occur of: (a) any Capital Event, as defined below; or (b) March 31, 2017 (the "Maturity Date").

2.4 Late Payment Fee. The Borrower shall pay to the Lender a late payment fee equal to five percent (5%) of the amount of any payment that is not received by the Lender within ten (10) calendar days after the date such payment is due and payable, subject to the provisions of Section 7 below.

3. Capital Event. As used herein the term "Capital Event" shall mean the sale, exchange, transfer or other disposition of the Property of the Partnership, or the refinancing of Property.

4. Prepayment. The Loan may be paid off at any time without penalty.

5. Manner of Payments. Subject to the provisions of Section 7 below, all payments of interest only on this Note shall become due on or before 2:00 p.m. on the day when due, and shall be made to the Lender in United States funds. Whenever any payment to be made hereunder shall be due other than on a Business Day, such payment shall be deemed to be due on the next succeeding Business Day and such extension of time shall in such case be included in the computation of all interest or fees hereunder.

6. Security. As security for the payment of this Note and for the performance of, and compliance with, all of the terms, conditions, stipulations and agreements contained in this Note, the Borrower has provided the collateral described in the Security Agreement.

7. Events of Default and Consequences. Event of Default for purposes of this Note shall mean: (i) the Borrower's failure to make any payment due under the terms of this Note, (ii) the Borrower's transfer, disposition or hypothecation of the Collateral (as defined in the Security Agreement), or (iii) any other act which would reasonably put at risk Lender's security interest in the Collateral (as defined in the Security Agreement). An Event of Default under this Note shall have the same consequences hereunder as an Event of Default under the Security Agreement and this Note is made expressly subject to the terms, conditions and provisions of the Security Agreement.

8. Waivers. Except as expressly required by the Security Agreement, the Borrower

hereby waives presentment for payment, notice of dishonor, protest, notice of protest, and diligence in bringing suit against the Borrower with respect to the obligations evidenced by this Note. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in the same, similar and other circumstances. Neither any failure nor any delay on the part of the Lender in exercising any right, power or privilege under this Note or under the Security Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of the same or the exercise of any other right, power or privilege.

9. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of California without giving effect to California principles of conflicts of law.

10. Severability. If any provision of this Note or any other Loan Document or the application thereof to any person or situation shall, to any extent, be held invalid or unenforceable, the remainder of this Note or any other Loan Document, and the application of such provision to persons or situations other than those to which it shall have been held invalid or unenforceable, shall not be affected thereby, but shall continue valid and enforceable to the fullest extent permitted by applicable law.

11. Binding. This Note shall be (a) binding upon Borrower and Borrower's heirs, executors, personal representatives, successors, and assigns (provided, however, that Borrower shall not have the right to assign Borrower's rights or obligations hereunder or any interest herein without the prior written consent of Lender); and (b) inure to the benefit of, and be enforceable by, Lender and Lender's successors and assigns.

12. Attorney's Fees. Borrower agrees to pay all reasonable attorney's fees, costs, including costs of collection, and expenses incurred by Lender in connection with the enforcement or collection of this Note. Borrower further agrees to pay all costs of suit and attorney's fees in any action to enforce payment under this Note.

IN WITNESS WHEREOF, the undersigned has executed this instrument as of the date set forth above.

BORROWER:

SHARON LYNNE BOYAR

Sharon Lynne Boyar

SHARON LYNNE BOYAR, INDIVIDUALLY AND AS TRUSTEE OF THE SHARON BOYAR TRUST, U/D/T 12/14/98, as amended and restated on 2/6/99, and as further amended on 4/9/03

EXHIBIT C

Pledge of Partnership Interests in Chatsworth

PLEDGE OF PARTNERSHIP INTEREST AND SECURITY AGREEMENT

THIS PLEDGE OF PARTNERSHIP INTEREST AND SECURITY AGREEMENT ("Security Agreement") is made and entered into as of this _____day of _____, 2012, by and among SHARON LYNNE BOYAR, INDIVIDUALLY AND AS TRUSTEE OF THE SHARON BOYAR TRUST, U/D/T 12/14/98, as amended and restated on 2/6/99, and as further amended on 4/9/03 ("Debtor"), and ARI CHATSWORTH INVESTMENT, LLC, a California limited liability company ("Secured Party"), with reference to the following:

A. On or about March 21, 2012, Debtor and Adler Realty Investments, Inc., a California corporation, entered into that certain Revised Agreement for Capital Investment and Loan (the "Investment Agreement") relating to the recapitalization of Chatsworth Industrial Park, L.P., a California limited partnership (the "Partnership"). Secured Party is the nominee of and successor in interest to Adler Realty Investments, Inc. under the Investment Agreement.

B. Pursuant to the terms of the Investment Agreement, Debtor and Secured Party are entering into the Amended and Restated Limited Partnership Agreement (the "Partnership Agreement") of Chatsworth Industrial Park, L.P. (the "Partnership"), dated of even date herewith, pursuant to which Secured Party has agreed to make a certain capital contribution as provided therein.

C. In addition to the capital contribution to the Partnership, under the terms of the Investment Agreement, Secured Party has agreed make certain loans and advances to Debtor pursuant to the terms of that certain Promissory Note between Debtor and Secured Party of even date herewith. To induce Secured Party to make such contribution and loan, Debtor has agreed to pledge and grant to Secured Party a security interest in all of Debtor's partnership interests (collectively, "Partnership Interest") in the Partnership as security for the Obligations, as hereinafter defined.

NOW, THEREFORE, to secure the Obligations, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed by Debtor, and upon and subject to the terms, provisions and conditions hereinafter set forth, Debtor does hereby pledge and grant unto Secured Party a security interest in and to the following described personal property, whether now owned or hereafter acquired, and wheresoever located, all of which is hereinafter collectively referred to as "Collateral":

> All Partnership Interests of Debtor in the Chatsworth Industrial Park, L.P. subject to the terms and provisions of the Partnership Agreement, including, without limitation, (i) all rights of Debtor as General Partner or Limited Partner under the Partnership Agreement, including the right to ratably share in distributions and to ratably share in any dissolution distributions of the Partnership, (ii) all other property which Debtor may hereafter become entitled to receive or receives on account of the Collateral, (iii) the proceeds of any and all property described above, and (iv) the voting, management rights and non-monetary rights of the Debtor under the Partnership Agreement.

TO HAVE AND TO HOLD all and singular the Collateral hereby assigned and pledged, or intended so to be, together with all increases and additions thereto and all proceeds thereof, unto Secured Party, its successors and assigns. Debtor hereby authorizes Secured Party to file all necessary financing statements describing the Collateral.

Debtor hereby agrees and covenants with Secured Party as follows:

1. Obligations Secured. The security interest herein created shall secure the full and punctual: (i) payment of all sums payable by Debtor to Secured Party pursuant to the Promissory Note, of even date, between Debtor and Secured Party, as and when the same become due, payable and/or performable in accordance with the terms thereof, including without limitation, the payment of the principal, interest and charges due thereunder, (ii) performance of all other obligations of Debtor to or for the benefit of Secured Party pursuant to the Partnership Agreement and this Security Agreement (the "Obligations").

2. Covenants of Debtor. So long as the Obligations, or any portion thereof, shall remain outstanding and unpaid:

2.1 The Collateral shall be held by Secured Party and Debtor shall have no right to procure the release of any of the Collateral from the lien hereby created except upon and in compliance with the terms and conditions herein set forth.

2.2 Secured Party shall have the right, power and authority to independently enforce this Security Agreement and any instrument executed in connection herewith without the joinder, consent, agreement or approval of any other Limited or General Partner.

2.3 Debtor will not sell, assign, transfer or further encumber any of the Collateral or any interest therein.

2.4 Debtor will not enter into any amendment or modification of the Partnership Agreement, and will not waive, release or otherwise relinquish any of its rights or benefits thereunder without the approval of Secured Party.

2.5 Except as provided in this Security Agreement, and without the approval of Secured Party, Debtor will not consent to change: (a) the General Partner, (b) the state where the Partnership is located (as such term is used in Section 9-307 of the California Commercial Code), or (c) its name.

2.6 Without the approval of Secured Party, Debtor will not consent to merge the Partnership into or consolidate with any other entity, or sell all or substantially all of its assets.

3. Payments of Costs; Release of Security Interest. Debtor covenants and agrees to promptly pay and discharge all expenses and reasonable attorney's fees incurred or paid by Secured Party in exercising and protecting its interests, rights and remedies hereunder. If Debtor or any other party shall pay to Secured Party all sums owed in connection with the Obligations, and also pay to Secured Party all other sums payable hereunder by Debtor prior to the enforcement of any remedy to which Secured Party may be entitled hereunder, as a result of any

default by Debtor hereunder, including the sale or retention of the Collateral, then this Security Agreement and the security interest hereby granted shall cease and terminate, and, immediately thereafter, Secured Party shall execute, acknowledge, and deliver to Debtor, at Debtor's expense, such instruments of release and/or transfer in respect of the Collateral as Debtor may reasonably request; otherwise, this Security Agreement shall remain in full force.

4. Representations and Warranties of Debtor. Debtor represents and warrants that (i) the individual signing this Security Agreement has authority to execute and deliver this Security Agreement, (ii) no other security agreement covering the Collateral, or any part thereof, has been made; Debtor has not assigned, sold, transferred, pledged or granted any option or security interest in or otherwise hypothecated their interests in the Collateral in any manner whatsoever; the Collateral is pledged free and clear of any and all liens, security interests, encumbrances, claims, pledges, restrictions, and options; and no security interests, other than the one herein created, have attached or been perfected in the Collateral or in any part thereof, (iii) Debtor is the sole owner of the Collateral and has rights in and the power to transfer the Collateral, (iv) the Partnership Interests are not and shall not be certificated, and (v) the Partnership's chief executive office is located in the State of California, its state of organization is the State of California, its organizational number issued to it by its state of organization is 200319700009 and its exact legal name as its appears in its organizational documents (as amended) as filed with its jurisdiction of organization is as set forth in the first paragraph of the Security Agreement.

5. Further Assurances. Debtor covenants and agrees to: (i) from time to time promptly execute and deliver to Secured Party all such other assignments, certificates, supplemental writings and financial statements, and do all other acts or things, as Secured Party may reasonably request in order more fully to evidence and perfect the security interest herein created; and (ii) promptly perform all of Debtor's covenants and duties under any other security agreement or other instrument at any time executed by Debtor in connection herewith.

If the Partnership Interests are uncertificated, Debtor will permit Secured Party from time to time to cause the Partnership to mark its books and records with the numbers and face amounts of all such uncertificated securities or other types of Partnership Interests not represented by certificates and all rollovers and replacements therefore to reflect the lien of Secured Party granted pursuant to this Security Agreement; and the Partners will take any actions necessary to cause the Partnership to cause Secured Party to have and retain control over such Partnership Interests.

Debtor will permit any registerable Partnership Interests to be registered in the name of Secured Party or its nominee at any time.

6. No Duty of Secured Party. Secured Party shall have no duty to fix or preserve rights against prior parties in the Collateral, and shall never be liable for its failure to use diligence to collect any amount payable in respect of the Collateral, but shall be liable only to account to Debtor for what it may actually collect or receive on Debtor's part of the Collateral.

7. Events of Default. The term "Default," as used herein, means the occurrence of any of the following events.

7.1 The failure of Debtor to make any payment in connection with the Obligations as and when due or to perform, observe or comply with any covenant, agreement or condition related to the Obligations or any other default under the Obligations after written notice of default, if required in the instrument(s) creating the Obligations, has been given to Debtor by the party obligated to give such notice and the expiration of the applicable cure period, if any, specified in the instrument(s) creating the Obligations.

7.2 In the event the Partnership or Debtor shall be adjudicated a debtor, or shall file a petition under any applicable bankruptcy or debtor's relief law now in effect or at any time hereafter enacted.

7.3 In the event a receiver shall be appointed for the Partnership or Debtor or the properties of either or of any substantial part of their properties.

7.4 In the event of a levy against the Collateral or any material part thereof.

7.5 The failure of the Partnership or Partners to pay any debt and the continuation of such failure beyond any grace period provided for in any instrument evidencing any such debt.

7.6 The judicial or non-judicial foreclosure of any real property owned by the Partnership or Debtor or the institution of such foreclosure proceedings including without limitation, the posting of any notice of any foreclosure of such real property.

7.7 If any representation or warranty made by Debtor to Secured Party under this Security Agreement is materially inaccurate as of the date hereof or is breached.

8. Remedies. Upon the occurrence of a Default, Secured Party may exercise all of the rights and remedies of a secured party under the Uniform Commercial Code of the State of California as in effect from time to time (the "Code") (whether or not the same is in effect in the jurisdiction where such rights and remedies are exercised) and, in addition, Secured Party, without being required to give any notice except as herein provided or as may be required by mandatory provisions of law, may:

8.1 Declare the Obligations immediately due and payable, without notice, demand or presentment, which are hereby waived.

8.2 Reduce its claim to judgment, foreclosure or otherwise enforce its security interest in all or any part of the Collateral by any available judicial procedure.

8.3 Apply the cash, if any, then held by it as Collateral hereunder to the Obligations.

8.4 Sell or otherwise dispose of all or any part of the Collateral.

8.5 At its discretion, retain the Collateral in satisfaction of the Obligations whenever the circumstances are such that Secured Party is entitled to do so under the Code.

8.6 Apply by appropriate judicial proceedings for appointment of a receiver for the Collateral, or any part thereof, and Partners hereby consent to any such appointment.

8.7 Exercise any privileges and rights (including without limitation management and voting rights whether under the Partnership Agreement or arising by law) of Partners in the Collateral.

8.8 Transfer and register in Secured Party's name or in the name of its nominee the whole or any part of the Collateral, to exchange certificates or instruments representing or evidencing the Collateral for larger or smaller denominations, to collect and receive all cash dividends and other distributions made thereon and to otherwise act with respect to the Collateral as though Secured Party was the outright owner thereof.

Provided, however, that, pursuant to the terms of the Investment Agreement, Secured Party may not foreclose upon the Collateral until the earliest of (i) 120 days after notice of default, as provided herein, or (ii) the occurrence of a "Capital Event," as such term is defined in the Promissory Note.

Any sale by Secured Party hereunder may be made at its office, or elsewhere, as chosen by Secured Party; may be at public or private sale; may be for cash, upon credit or future delivery, and at such price or prices as Secured Party may deem satisfactory; may be made by way of one or more contracts (it being agreed that the disposition of any part of the Collateral shall not exhaust Secured Party's power of sale but sales may be made from time to time until all of the Collateral has been sold or until all sums payable under the Obligations and hereunder have been paid in full). Any public sale shall be held at such time or times within ordinary business hours and at such place or places as Secured Party may fix in the notice of such sale. Secured Party may be the purchaser of any or all of the Collateral so sold at any public sale and thereafter hold the Collateral so purchased absolutely, free from any right or claim of whatsoever kind. Each purchaser at any such sale shall hold the Collateral so sold absolutely, free from any claim or right of whatsoever kind including, without limitation, any equity or right of redemption. Secured Party shall not be obligated to make any such sale pursuant to any such notice. Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by Secured Party until the selling price is paid by the purchaser thereof, but Secured Party shall not incur any liability in case of the failure of such purchaser to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice.

Secured Party shall be entitled to apply the proceeds of any sale or other disposition of the Collateral in the following order: first, to the payment of all of its reasonable expenses, including attorneys' fees and other legal expenses incurred in holding and preparing the Collateral, or any part thereof, for sale(s) or other disposition, in arranging for such sale(s) or other disposition, and in actually selling the same; and next, toward payment of the Obligations and other sums secured hereby, in such order and manner as Secured Party, in its discretion, may deem advisable. Secured Party shall account to Partners for any surplus. If the proceeds are not

sufficient to pay the debt in full, Debtor shall remain liable for any deficiency in accordance with the terms of the Obligations.

The Partnership and Debtor further waive to the fullest extent permitted by law, all rights to notice or a judicial hearing prior to the time Secured Party takes possession or disposes of the Collateral upon a default hereunder; provided that Secured Party shall give the Partnership and Debtor at least one hundred twenty (120) calendar days written notice prior to the conduct of any public or private sale of such collateral. The Debtor recognizes that the fact that the Collateral is not registered under the Securities Act of 1933 and is unlikely to be registered in the future may necessitate a private sale, which is likely to result in a lower price than would a public sale, and hereby consents to such a private sale and agrees that the same is commercially reasonable.

Except for the notice provided for in Section 9 hereof, Debtor hereby waives any right Debtor may have to notice or to a judicial hearing prior to the exercise of any right or remedy provided hereby to Secured Party. No delay or omission on the part of Secured Party in exercising any right hereunder shall operate as a waiver of such right or of any other right hereunder. Any waiver of any such right on any one occasion shall not be construed as a bar to or waiver of any such right on any such future occasion.

Debtor hereby waives diligence and all demands, protest, presentments and notices of every kind or nature, including notices of protest, dishonor, nonpayment, acceptance of this Security Agreement and the renewal, extension, modification or accrual of any of the Obligations hereby secured. Debtor further waives the right to plead any and all statutes of limitations as a defense to Debtor's liability hereunder or the enforcement of this Security Agreement.

If all or any portion of the Obligations are paid or performed, Debtor's obligations hereunder shall continue and remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from Secured Party as a preference, fraudulent transfer or otherwise, irrespective of (a) any notice of revocation given by Debtor prior to such avoidance or recovery, and (b) satisfaction of the Obligations.

9. Notification. Reasonable notification of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to Debtor and to any other person entitled under the Code to notice. Such notice, in case of a public sale, shall state the time and place fixed for such sale. It is agreed that notice sent or received not less than ten (10) calendar days prior to the commencement of the action to which the notice relates is reasonable notification and notice for the purpose of this paragraph.

10. Cumulative Rights. All rights and remedies of Secured Party are cumulative of each other and of every other right or remedy which Secured Party may otherwise have at law or in equity or under any other contract for the enforcement of the security interest herein or the collection of the indebtedness evidenced by the Obligations, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

11. Right of Transfer. The rights, powers and interests held by Secured Party hereunder, together with the Collateral, may be transferred and assigned by Secured Party, in whole or in part, at such time and upon such terms as it may deem advisable; and the term "Secured Party" shall be deemed to refer to and include such transferees and assignees and the holder or holders from time to time of the Obligations and all Obligations from time to time issued in lieu of or in renewal of extension of the Obligations or any part thereof.

12. No Waiver. The acceptance by Secured Party at any time and from time to time of part payment of the aggregate amount of the Obligations then matured shall not be deemed to be a waiver of any default then existing. No waiver by Secured Party of any default shall be deemed to be a waiver of any subsequent default, nor shall any such waiver by Secured Party be deemed to be a continuing waiver. No delay or omission by Secured Party in exercising any right or power hereunder, or under any other writings executed by Debtor or the Partnership as security for or in connection with the Obligations, shall impair any such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such right or power preclude other or further exercise of any other rights or power of Secured Party hereunder.

13. Governing Law; Venue.

13.1 This Security Agreement shall be governed by the laws of the State of California without giving effect to California principles of conflicts of law.

13.2 Debtor and Secured Party each hereby (a) irrevocably consent and submit to the jurisdiction of any federal or state court sitting in the State of California in respect to any action or proceeding brought therein by either against the other concerning any matters arising out of or in any way relating to this Security Agreement, (b) expressly waive any rights they may have pursuant to the laws of any other jurisdiction by virtue of which exclusive jurisdiction of the courts of such other jurisdiction might be claimed, (c) irrevocably waive personal service of any summons and complaint and consents to the service upon it of process in any such action or proceeding by the mailing of such process to it at the address set forth herein and hereby irrevocably designate:

if to Secured Party: ARI Chatsworth Investment, LLC
20951 Burbank Blvd., Suite B
Woodland Hills, CA 91367
Attention: Michael S. Adler

if to Debtor: Sharon Lynne Boyar
44095 Ocotillo Drive
La Quinta, California 92253

to accept service of process on its behalf and hereby agrees that such service shall be deemed sufficient, (d) irrevocably waive all objections as to venue or based on the grounds of forum non conveniens and any and all rights it may have to seek a change of venue with respect to any such action or proceeding, (e) agree that the laws of the State of California shall govern in any such action or proceeding and waives any and all defenses granted by the laws of any other

jurisdiction unless such defense is also allowed by the laws of the State of California, and (f) agree that any final judgment rendered against it in any such action or proceeding shall be conclusive and may be enforced in any other jurisdictions by suit on the judgment or in any manner provided by law and expressly consents to the affirmation of the validity of any such judgment by the courts of such or any other jurisdiction so as to permit execution thereon. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of Secured Party to bring proceedings against Debtor in the court of any other jurisdiction. Neither Debtor nor Secured Party shall be entitled to any immunity whatsoever, whether characterized as sovereign immunity or otherwise, from any legal proceedings, whether in the United States or elsewhere, to enforce the obligations or liabilities hereunder. Each of Debtor and Secured Party acknowledge that to the extent any of its property should at any time acquire any immunity, it hereby irrevocably waives such right to immunity in respect of any actions or proceedings, wherever brought, in respect of the obligations or liabilities hereunder.

14. Waiver of Jury Trial. TO THE EXTENT PERMITTED UNDER LAW, DEBTOR, BY EXECUTION AND DELIVERY OF THIS SECURITY AGREEMENT, AND SECURED PARTY, BY ACCEPTANCE HEREOF, EACH HEREBY EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS SECURITY AGREEMENT OR ANY OTHER AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH.

15. Binding Effect. This Security Agreement shall be binding upon Debtor, its successors and assigns and shall inure to the benefit of Secured Party and Secured Party's successors and assigns.

16. Good Faith by Debtor. Debtor shall act in good faith in entering into any sale, exchange or other disposition or refinancing of all or substantially all of the assets of the Partnership or any transaction that may result in a sale, exchange or other disposition or refinancing of all or substantially all of the assets of the Partnership, and Debtor shall not engage in any such transactions with the intent to deprive Secured Party of any portion of its security interest hereunder or the value thereof. Debtor shall make full and timely disclosure to Secured Party of all facts respecting any such transaction promptly as such facts are obtained by Debtor and in any event prior to the closing thereof; and Debtor shall promptly furnish to Secured Party all proposed contracts of sale and other documents relating to any sale, exchange or other disposition or refinancing of all or substantially all of the assets of the Partnership, or any interest therein, promptly as such documents are received by Debtor and prior to the execution by the Partnership of any and all documents.

17. Defined Terms. All capitalized terms used and not otherwise defined herein shall have the meaning given such terms as defined terms in the Partnership Agreement. Terms defined in the Code which are not otherwise defined herein are used herein as defined in the Code.

IN WITNESS WHEREOF, the undersigned has executed this agreement as of the date set forth above.

SECURED PARTY:

ARI CHATSWORTH INVESTMENT, LLC,
a California limited liability company

By: ARI CHATSWORTH MANAGEMENT, LLC,
a California limited liability company
Its: Manager

By: ADLER REALTY INVESTMENTS, INC.,
a California corporation
Its: Manager

By: _____
Michael S. Adler, President

DEBTOR:

SHARON LYNNE BOYAR

By: _____
SHARON LYNNE BOYAR,
Individually And As Trustee Of THE SHARON BOYAR TRUST, U/D/T 12/14/98, as amended and restated on 2/6/99, and as further amended on 4/9/03

EXHIBIT 2

ADLER
Realty Investments, Inc.

ADLER REALTY INVESTMENTS, INC. - BACKGROUND

Adler Realty Investments, Inc. (ARI) is a full service real estate investment firm with over $500 million in acquisition since inception in 1996. ARIís real estate portfolio consists of over 2.3 million square feet of retail, office, industrial and multi-family residential properties in California, Arizona, Colorado and Texas, as well as vacant land for future development. ARI acquires properties in a joint venture format with its institutional and high net worth investor partners, and provides in-house asset management and property management services.

Michael Adler, the president of ARI, has been in the commercial real estate business in California since 1986. ARIís acquisition and due diligence team has over 50 years of specialized experience in the acquisition, development, management and disposition of commercial and multi-family properties. The ARI teamís remarkable ability to analyze current market conditions, identify investment opportunities and implement proper development and management strategies have repeatedly proven to be key in yielding successful projects

Adler Realty Investmentís track record for closing deals is exceptional. The acquisition and due diligence team performs extensive analysis before submitting letters of intent, thus eliminating the need to negotiate a price reduction or cancel escrow due to underwriting issues. As such, ARI has never failed to close a deal it had under contract for reasons other than a major unforeseen issue coming up while under contract.

The following is a description of the principal occupation and recent business experience of Adler Realty Investments, Inc. and its executive team:

Michael S. Adler, MAI, *President*

Mr. Adler is involved in a broad spectrum of real estate investment, development, valuation and consulting projects, serving as President and CEO of Adler Realty Investments, Inc. and its affiliated Partnership Adler Realty Advisors, Inc. Mr. Adlerís unparalleled market insight, analysis and leadership skills enable the firm to consistently meet or exceed investor expectations.

Mr. Adler has acted as general partner, General Partner and investor in 22 real estate projects worth over $150 million while serving as president of Adler Realty Advisors, Inc. Many of these projects consisted of ñvalue addedò projects, where Mr. Adler and/or his firm, as managing Partner/partner, purchased a property having a high level of vacancy and neglect, and performed the proper renovation and management required to bring the property to a stabilized and profitable condition.

Prior to forming Adler Realty Advisors, Inc., Mr. Adler was employed as a commercial real estate valuation professional at Cushman & Wakefield and Sommer. Adler & Co. Mr. Adler has testified as an expert witness in numerous real estate related matters.

Mr. Adler graduated from the University of Denver with a degree in Business Administration, majoring in both Real Estate and Finance. Mr. Adler has his MAI designation from the Appraisal Institute, his real estate broker license from the State of California and is currently a CPM candidate with the Institute of Real Estate Management.

B, Keith Grossman, Chief Financial Officer - CPA

Mr. Grossman oversees financial and corporate operations for Adler. Mr. Grossman, previously with Price Waterhouse, was involved in the auditing of publicly and privately owned companies. His experience included initial and secondary offerings and related reporting, with additional clients in the health care, manufacturing, finance, real estate, restaurant and non-profit industries. After leaving public accounting he worked for various privately held organizations. His responsibilities included all aspects of accounting systems implementation, reporting, financial strategies, human resources, cost management, risk management, contracts, information technology, and financial planning and analysis. He is a graduate of USC with a degree in Accounting.

Richard S. Gable, *Managing Director*

Mr. Gable oversees investor relations and financing for Adler Realty Investments, Inc. In this capacity, he is responsible for interacting with all of ARIôs investors in order to present and interpret future investment opportunities. Additionally, he maintains contact with investors informed on the status of all current investments. Mr. Gableôs role also includes securing and refinancing the debt for the Partnershipôs investments.

Mr. Gable has over fourteen years of commercial real estate experience, with a focus on the leasing and sales of office and industrial properties. Prior to joining Adler Realty Investments, he was President and Chief Operating Officer of a highly dynamic start-up internet service provider which grew to 125+ employees. Mr. Gable was instrumental in its growth and eventual sale for $450 million dollars. Mr. Gable graduated from the University of Pennsylvania, and is a licensed real estate broker in California and Pennsylvania.

Chris Engel, *Director of Acquisition*

As Director of Acquisitions, Mr. Engel is responsible for, and is the primary contact for acquisitions for the Partnership. Prior to joining Adler Realty, Mr. Engel has served as Director of Acquisitions for both Rexford Industrial and the Abbey Partnership. Mr. Engel has over 15 years of commercial real estate experience. Before his career in commercial real estate acquisitions, Mr. Engel spent 7 years as an investment sales broker with CBRE in Los Angeles where he focused on office & industrial Investments. Mr. Engel holds a Masterôs degree in Real Estate Development from the University of Southern California and Bachelors degree from the University of California, Riverside in Business Administration.

Tae Nam, Senior Director -*Asset Management*

Mr. Nam oversees asset management of the Partnership's Southern California portfolio, which includes business plan development and implementation, on-going investment and financial analysis, and identification of profit-maximizing opportunities.

Prior to joining Adler Realty he served as Executive Vice President at a large real estate investment Partnership in Southern California, where he helped oversee asset management, acquisition, disposition, leasing, and operations for a $3 billion real estate portfolio. A seasoned real estate veteran, he has participated in acquisition of over $600 million of real estate and has structured and completed over $400 million in real estate lease transactions.

He has a B.A. from The Johns Hopkins University and an MBA in Finance from The Wharton School-University of Pennsylvania.

Oscar Estrada, *Senior Controller*

Oscar A. Estrada has been in the real estate industries accounting discipline for over 17 years. He has been employed by Tishman Midwest, E & S Ring, and Trammell Crow Companies. During his tenure at Trammell Crow Companies, Oscar was responsible for leading a team of six senior accountants in the accounting function for acquisition, development, management and disposition of assets totaling over 10 million square feet of Office, Retail and Industrial assets. He was also responsible for managing the monthly reporting of these assets for clients such as AMB, The Archon Group and Crow Holdings to name a few. His most recent role was Controller for Newport Beach based Developer, Hopkins Real Estate Group where he oversaw the full accounting operations associated with the horizontal and vertical development of retail centers nationwide. His role at Adler Realty Investments is Senior Controller. Oscar is responsible for all accounting and reporting functions for Adler Realty. Oscar holds a Bachelorôs Degree in Accounting.

For your reference, below is a list of ARIôs transaction history.

Real Estate Investments

Trasaction Summary

Property Address	Property Type	Project Square Footage	Project Cost
Pensacola Marketplace Bayou Retail Center Pensacola , FL	Retail	49,770 7,249	$ 6,509,167 $ 900,000
Agoura Hills Business Park III Agoura Hills, CA	Office	117,850	$ 18,425,000
Preston Belt Line Office Park Dallas, TX	Office	111,286	$ 11,475,000
The Forum at Belt Line Dallas, TX	Office Building	202,550	$ 15,800,000
Coronado Business Park Santa Clara, CA	Industrial/Office Business Park	227,600	$ 36,601,513
Inverness Englewood, CO	Office Development	9.4 Acres	$ 2,670,000
6100 & 6200 Tennyson Parkway Plano, TX	Office Buildings	246,000	$ 31,045,000
2211 Lawson Lane Santa Clara, CA	Office Building	82,905	$ 7,318,000
Highland Village Fontana, CA	Retail Development	10.15 Acres	$ 6,723,092
Chaney Street Lake Elsinore, CA	Industrial Condominium Development	18 Acres	$ 3,900,000
5563 De Zavala Road San Antonio, TX	Office Building	68,400	$ 8,200,000
11880-11910 Greenville Avenue Dallas, TX	Office/Flex Buildings	194,164	$ 6,795,000
955 Overland Court San Dimas, CA	Office Building	86,300	$ 21,800,000
2361 Nalin Dr. Bel Air, CA	Res. Development	24 Acres	$ 2,001,000
Mission Trail Lake Elsinore, CA	Res. Development	20 Acres	$ 3,389,900
4200 and 4260 Truxtun Ave. 4900 California Ave. Bakersfield, CA	Office Building	214,000	$ 24,300,000
100 W. Broadway Long Beach, CA	Office Building	195,000	$ 31,300,000
Canwood Street and Kanan Road Agoura Hills, CA	Retail Development	118,000	$ 14,379,000
8591, 8595 & 8599 Prairie Trail Drive Englewood, CO	Industrial Flex	83,302	$ 8,600,000

Real Estate Investments (Continued)

Property Address	Property Type	Project Square Footage		Project Cost
Canw ood Street & Derry Avenue Agoura Hills, CA	Retail Development	35,183	$	34,000,000
1835, 1845 & 1915 Orangew ood Ave. Orange, CA	Office	107,325	$	7,600,000
1400 Montefino/21015 & 21073 Pathfinder Diamond Bar, CA	Office	127,771	$	17,750,000
2600 N. Central Ave. Phoenix, AZ	Office	323,607	$	16,800,000
4500 Los Feliz Blvd. Los Angeles, CA	Retail/ Restaurant	13,760	$	4,825,000
5400 & 5410 Kaepa Court San Antonio, TX	Industrial Bldgs.	174,762	$	5,815,000
Soledad Canyon Blvd. Santa Clarita, CA	Residential Development Site	19.5 Acres	$	3,275,000
750 Terrado Plaza Covina, CA	Office	60,006	$	8,500,000
851 N. Harvard Avenue Lindsay, CA	Industrial	150,000	$	5,300,000
1733 & 1833 Alton and 18511 Von Karman Irvine, CA	Office	206,451 74,094	$	45,900,000
249 East Ocean Ave. Long Beach, CA	Office	110,000	$	14,600,000
1450-1460 N. Lake Ave. Pasadena, CA	Commercial Industrial	25,872	$	2,000,000
5331 Corteen Pl. Valley Village, CA	Apartment Development	67 Units	$	9,250,000
21800 Burbank Blvd. Woodland Hills, CA	Office	58,500	$	12,000,000
225 W. Hillcrest Dr. Thousand Oaks, CA	Office	157,000	$	29,000,000
3151 Cahuenga Bl. Universal City, CA	Office	35,500	$	4,850,000
761 Corporate Center Pomona, CA	Office	62,036	$	12,674,321
Laurels @ PGA West[1] La Quinta, CA	Residential Subdivision	36 Lots	$	2,784,000
4130 Cahuenga Bl. Universal City, CA	Office	72,283	$	13,525,000
735 W. Duarte Rd.[1] Arcadia, CA	Office	26,000	$	1,500,000
Total		**3,824,526**	**$**	**514,079,993**

EXHIBIT 3

EXHIBIT 3 - UNEXPIRED LEASES TO BE ASSUMED

Debtor will assume the following eight (7) leases with its tenants, together with all modifications, extensions, and amendments thereto, and will continue to perform its obligations under the leases:

PTM, Inc. (21051 Osborne)

Viaquest, Inc. (21026 Nordhoff)

Solutia, Inc. (21019 Osborne)

Solutia, Inc. (21025 Osborne)

Solutia, Inc. (21029 Osborne)

K-Bros. Industries (21021 Osborne)

Works Performance (21045 Osborne)

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

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: 8200 Wilshire Blvd., Suite 400, Beverly Hills, CA 90211

The foregoing documents described as **Debtor's Third Amended Chapter 11 Plan** 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 indicated below:

I. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On 04/27/12 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

☒ Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL(indicate method for each person or entity served)**:**
On 04/27/12 I served the following person(s) and/or entity(ies) at the last known address(es) 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/or with an overnight mail service 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.*

☒ Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on 04/27/12 I served the following person(s) and/or entity(ies) by personal delivery, 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 the judge will be completed no later than 24 hours after the document is filed.*

Personal Delivery:
The Honorable Maureen A. Tighe, U.S. Bankruptcy Judge
United States Bankruptcy Court
21041 Burbank Blvd., Bin on 1st Floor outside entry to Clerk's Office
Woodland Hills, CA 91367-6606

☐ Service information continued on attached page

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

04/27/12	Elizabeth Prado	/s/ Elizabeth Prado
Date	*Type Name*	*Signature*

ADDITIONAL SERVICE INFORMATION:

SERVICE VIA NEF:

Katherine Bunker kate.bunker@usdoj.gov
Joseph Caceres jec@locs.com, generalbox@locs.com
Sandi M Colabianchi scolabianchi@gordonrees.com
Sandford Frey Sfrey@cmkllp.com
Andrew A Goodman agoodman@goodmanfaith.com
Ira Benjamin Katz IKatz@GershuniKatz.com
Stuart I Koenig Skoenig@cmkllp.com
Gregory M Salvato gsalvato@salvatolawoffices.com, calendar@salvatolawoffices.com
Charles Shamash cs@locs.com, generalbox@locs.com
Valerie L Smith vsmith@gordonrees.com
United States Trustee (SV) ustpregion16.wh.ecf@usdoj.gov

SERVICE VIA U.S. MAIL:

Addresses per proofs of claim:

Franchise Tax Board
Bankruptcy Section MS A340
P.O. Box 2952
Sacramento, CA 95812-2952
Attn: Rebecca Estonilo, FTB Claim Agent
[Notice Address per POC#1]

Ira Benjamin Katz ----------*Also via email to Ikatz@gershunikatz.com*
Law Offices of Ira Benjamin Katz, a Professional Corporation
1901 Avenue of the Stars, Suite 300
Los Angeles, CA 90067
[Notice Address per Change of Address filed 11/19/10,
after POC #2 filed]

Mitchel J. Ezer, Esq. ----------*Also via email to mje@ezerwilliamson.com*
Ezer Williamson, LLP
984 Monument Street, Suite 103
Pacific Palisades, CA 90272
[New Address after POC # 3 filed- verified on state bar website]

CSFB 2003-C4 Nordhoff Limited Partnership ----------*Also via Overnite Delivery & email to*
c/o Sandi M. Colabianchi, Esq. *SColabianchi@gordonrees.com*
Gordon & Rees, LLP
Embarcadero Center West
275 Battery Street, Suite 2000
San Francisco, CA 94111
[Notice Address per POC#4 and Request for Notice filed 1-13-11]

The Piken Company
12725 Ventura Blvd., Suite A
Studio City, CA 91604
[Notice Address per POC#5]

Johnson Controls, Inc.
Attn: Brian Wilderman, M-72
507 E. Michigan Street
Milwaukee, WI 53202
[Notice Address per POC#7]