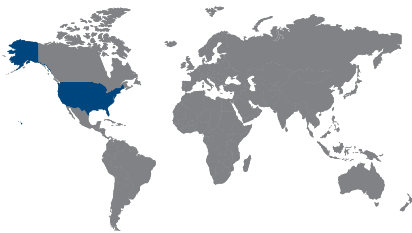




LOS ANGELES BASIN MARKET REPORT



Market Trends Water as 2010 Ends

EXECUTIVE SUMMARY

Market fundamentals of the Los Angeles Basin retail market pulled back a bit in the final quarter of the year. During Q4, the market reported net absorption of -343,700 SF. All three markets that make up the Los Angeles Basin, Los Angeles County, Orange County, and the Inland Empire reported negative net absorption. Strip centers experienced the sharpest decline in net absorption with an amount of -266,900 SF, while super regional/regional malls witnessed the greatest increase of net absorption with a figure of positive 358,400 SF. The vacancy rate for the region increased 10 basis points to 7.5%. The weighted average asking lease rate declined to \$1.95 PSF NNN from the previous quarter's rate of \$1.96.¹

LOS ANGELES COUNTY

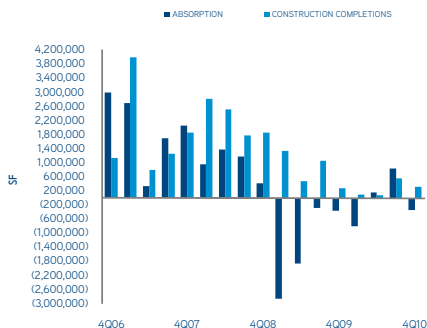
Over the last 12 months, the unemployment rate for Los Angeles County increased to 12.9% in November 2010, up from 12.3% one year ago which equates to a loss of 34,900 jobs (-0.4%).² During Q4, Los Angeles County reported net absorption of -38,500 SF. Four of the six different property types reported negative net absorption, of which community/neighborhood centers took the biggest hit with an amount of -278,200 SF, while super regional/regional malls experienced the highest amount of positive net absorption (399,000 SF). During Q4, Los Angeles County reported

MARKET INDICATORS

	Q4 2010	Q1 2011 (p)
VACANCY	↑	→
NET ABSORPTION	↓	→
CONSTRUCTION	↓	↓
RENTAL RATE	↓	↓

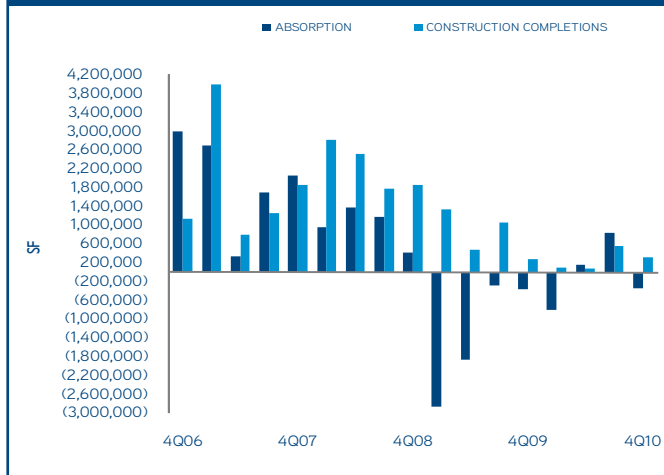
HISTORICAL NET ABSORPTION & CONSTRUCTION COMPLETIONS

Q4 2006 - Q4 2010



HISTORICAL VACANCY VS RENTS

Los Angeles Basin Retail Market
Q4 2006 - Q4 2010



MARKET TRENDS

Total vacancy rate at 7.5%

Net absorption at negative 343,700 SF

Weighted average asking rents at \$1.95 PSF NNN

¹Colliers International continuously refines its database. As a result, data reflected in this report may not be consistent with data reported in previous quarters.



LOS ANGELES BASIN DEMOGRAPHICS

- > POPULATION:
17,509,100 (2010 Estimate)
18,588,100 (2015 Projection)
6.2% (Growth 2010-2015)
- > HOUSEHOLD INCOME:
\$81,900 (Average)
\$59,900 (Median)
- > JOB GROWTH:
0.7% (past 12 months)
- > UNEMPLOYMENT RATE:
12.4% (as of November 2010)

several significant leases. The largest leases involved Target signing for 104,000 SF at the 7th+ Fig mall in downtown Los Angeles, and Sports Authority leasing 42,200 SF at the Lakewood Center Mall (super regional mall). With regards to sales activity, the most significant transaction occurred when Baldwin Arcadia Center LP purchased the 351,900 SF lifestyle center, Arcadia Hub Shopping Center for \$70.0 million (\$266 PSF). New construction completions declined to 310,000 SF. There is currently 303,100 SF under construction.

Total vacancy for Los Angeles County came in at 6.1%, for an increase of 20 basis points from the 5.9% rate of the previous quarter. Strip centers reported the highest vacancy rate (8.1%), while super regional/regional malls were the lowest at 2.8%.

For Q4, the weighted average asking lease rate was \$2.26 PSF, which is slightly lower than the \$2.28 PSF reported in Q3. Super regional/regional malls had the highest average asking lease rate with a figure of \$3.10 PSF, while strip centers accounted for the lowest at \$1.82 PSF. Although sales activity tapered off from the previous quarter, the sale of the Arcadia Hub Shopping Center demonstrates there is an appetite for core multi-tenant properties.

ORANGE COUNTY

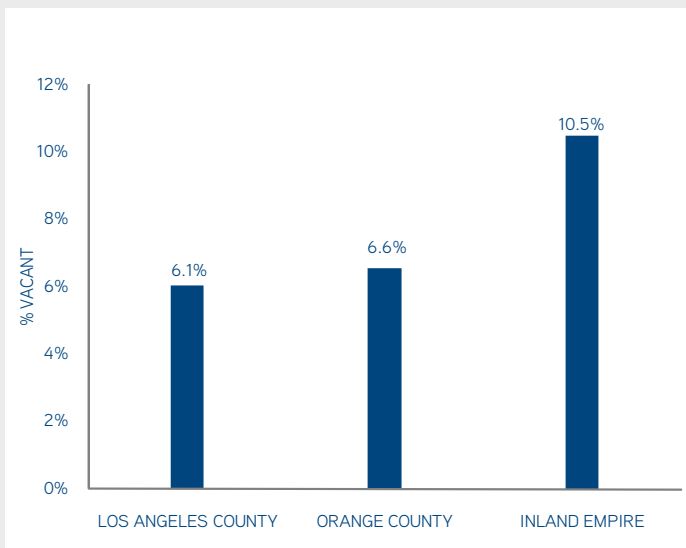
Unemployment continues to be a detriment toward an economic recovery. Over the last 12 months, Orange County has gained 19,100 jobs (1.4%), which caused the current unemployment rate to decrease to 9.3% from the 9.6% figure reported one year ago.²

For Q4, Orange County net absorption was -177,700 SF. Community/neighborhood centers once again witnessed the sharpest decline with a net absorption amount of -145,600 SF. Super regional/regional malls recorded the highest amount of positive net absorption of 53,700 SF. Even though the market experienced overall negative net absorption, significant leases were signed during Q4. The largest leases involved Walmart signing for 100,300 SF at 88 East Orangethorpe Avenue in Anaheim, and LA Fitness leasing 50,000 SF at The Crossroads community center in Irvine. The most significant sale transaction involved Huntington South Center, LLC when it purchased the neighborhood center, Huntington South Center, for \$8.5 million (\$107 PSF). New construction completions only totaled 9,500 SF during Q4, with 219,000 SF currently under construction.

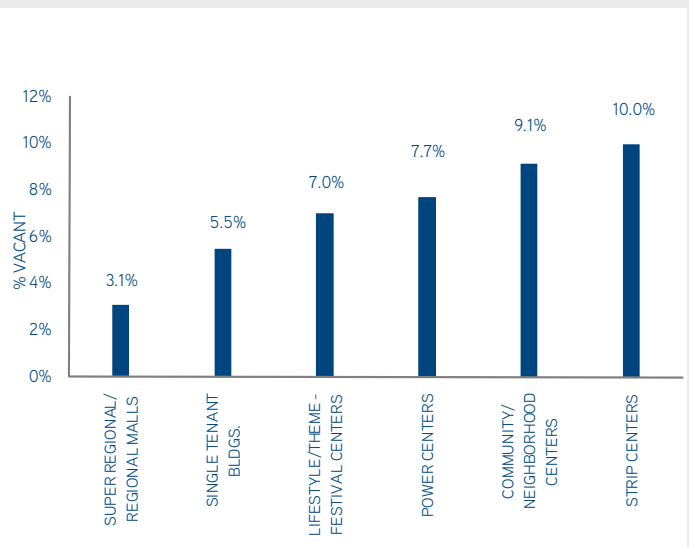
The total vacancy rate for Orange County remained flat at 6.4% from the previous quarter. Super regional/regional malls accounted for the

²Source: California Employment Development Department, November 2010.

VACANCY BY MARKET
Los Angeles Basin Retail Market
Q4 2010



VACANCY BY PROPERTY TYPE
Los Angeles Basin Retail Market
Q4 2010



RETAIL OVERVIEW

 Los Angeles Basin Retail Market
 Q4 2010

EXISTING PROPERTIES		VACANCY		ACTIVITY		CONSTRUCTION		RENTS	SALES
Market/ Property Type	Total Inventory SF	Total ¹ Vacancy Rate	Total ¹ Vacancy Rate Prior Qtr	Net ² Absorption Current Qtr SF	Net ² Absorption YTD SF	Completions ³ Current Qtr SF	Under Construction/ Renovation SF	Weighted ⁴ Avg Asking Lease Rates PSF/Month	Average ⁵ Sales Price PSF
LOS ANGELES COUNTY									
SUPER REGIONAL/REGIONAL MALLS	25,407,900	2.8%	4.4%	399,000	947,700	0	0	\$3.10	\$123
POWER CENTERS	14,707,800	6.2%	6.0%	(34,200)	(38,900)	0	0	\$2.78	-
LIFESTYLE/THEME-FESTIVAL CENTERS	5,506,200	5.4%	5.1%	(18,800)	(42,200)	0	0	\$2.82	\$266
COMMUNITY/NEIGHBORHOOD CENTERS	76,376,100	7.4%	7.0%	(278,200)	(300,500)	65,900	0	\$2.27	\$267
STRIP CENTERS	24,657,100	8.1%	7.4%	(167,900)	(178,200)	0	34,800	\$1.82	\$130
SINGLE TENANT BLDGS.	40,580,300	4.4%	4.1%	61,600	168,000	166,700	0	\$1.99	\$426
Subtotal	187,235,400	6.1%	5.9%	(38,500)	555,900	232,600	34,800	\$2.26	\$242
ORANGE COUNTY									
SUPER REGIONAL/REGIONAL MALLS	14,007,200	2.9%	3.3%	53,700	124,300	0	154,000	\$3.04	-
POWER CENTERS	6,684,300	7.7%	7.0%	(46,400)	(52,600)	0	50,000	\$2.67	-
LIFESTYLE/THEME-FESTIVAL CENTERS	3,694,200	9.3%	8.7%	(22,900)	(43,700)	0	0	\$2.85	-
COMMUNITY/NEIGHBORHOOD CENTERS	42,930,400	7.3%	7.0%	(145,600)	(491,300)	0	0	\$2.20	\$170
STRIP CENTERS	7,884,000	8.4%	7.8%	(46,900)	(66,000)	0	15,000	\$1.80	\$288
SINGLE TENANT BLDGS.	11,550,900	5.4%	5.6%	30,400	(17,700)	9,500	0	\$1.96	\$480
Subtotal	86,751,000	6.6%	6.4%	(177,700)	(547,000)	9,500	219,000	\$2.27	\$313
INLAND EMPIRE									
SUPER REGIONAL/REGIONAL MALLS	11,870,700	4.0%	3.2%	(94,300)	(163,000)	0	0	\$2.12	-
POWER CENTERS	13,328,400	9.3%	9.5%	17,400	165,200	0	0	\$1.76	\$74
LIFESTYLE/THEME-FESTIVAL CENTERS	2,546,700	7.2%	7.3%	2,700	(33,800)	0	0	\$1.81	\$250
COMMUNITY/NEIGHBORHOOD CENTERS	56,420,200	12.8%	12.6%	(97,300)	(152,100)	41,100	49,300	\$1.54	\$179
STRIP CENTERS	9,996,800	15.9%	15.4%	(52,100)	(65,500)	0	0	\$1.25	\$88
SINGLE TENANT BLDGS.	25,885,600	7.3%	7.5%	96,100	115,900	26,800	0	\$1.38	\$418
Subtotal	120,048,400	10.5%	10.4%	(127,500)	(133,300)	67,900	49,300	\$1.53	\$202
AREA TOTAL									
SUPER REGIONAL/REGIONAL MALLS	51,285,800	3.1%	3.8%	358,400	909,000	0	154,000	\$2.79	-
POWER CENTERS	34,720,500	7.7%	7.5%	(63,200)	73,700	0	50,000	\$2.28	-
LIFESTYLE/THEME-FESTIVAL CENTERS	11,747,100	7.0%	6.7%	(39,000)	(119,700)	0	0	\$2.61	\$250
COMMUNITY/NEIGHBORHOOD CENTERS	175,726,700	9.1%	8.8%	(521,100)	(943,900)	107,000	49,300	\$1.93	\$205
STRIP CENTERS	42,537,900	10.0%	9.4%	(266,900)	(309,700)	0	49,800	\$1.60	\$169
SINGLE TENANT BLDGS.	78,016,800	5.5%	5.5%	188,100	266,200	203,000	0	\$1.72	\$441
TOTAL	394,034,800	7.5%	7.4%	(343,700)	(124,400)	310,000	303,100	\$1.95	\$266
QUARTERLY COMPARISON AND TOTALS									
Q4 2010	394,034,800	7.5%	7.4%	(343,700)	(124,400)	310,000	303,100	\$1.95	\$266
Q3 2010	393,724,800	7.4%	7.4%	848,500	219,300	566,000	305,400	\$1.96	\$279
Q2 2010	393,158,800	7.4%	7.4%	163,600	(629,200)	86,300	226,600	\$1.96	\$288
Q1 2010	393,158,800	7.4%	7.1%	(792,800)	(792,800)	94,100	115,200	\$1.99	\$263
Q4 2009	392,978,400	7.1%	7.0%	(368,600)	(5,376,900)	285,700	115,200	\$2.04	\$277

¹Existing space that is vacant and immediately available for direct lease or for purchase. ²Includes return to market of renovated space, less space taken off market or demolished. ³Includes return to market of renovated space, less space taken off market or demolished. ⁴Weighted by vacant direct lease SF. Triple Net (NNN). ⁵Straight average based on actual sales transactions. Per SF. Significant revisions to building inventory were made effective Q2 2010, historical data reported here reflects these revisions and therefore does not match reported in previous quarters.



> Retail real estate market continues to bounce at the bottom

> Landlords are having a difficult time finding tenants to occupy second tier spaces

> Lenders will remain selective regarding the properties they make loans on

lowest vacancy rate (3.3%), while lifestyle/theme-festival centers reported the highest (8.7%). Super Regional/Regional Malls reported the most significant change in vacancy when it declined 40 basis points from 3.7% to 3.3%.

For Q4, the weighted average asking lease rate was \$2.27 PSF NNN, which remained flat from the previous quarter. Super regional/regional malls recorded the highest average asking lease rate at \$3.04 PSF, while strip centers had the lowest at \$1.80 PSF. Sales activity in the Orange County retail market remained slow, with owners of well-leased retail assets not interested in selling their properties unless they receive an offer they cannot refuse.

INLAND EMPIRE

Unemployment for the Inland Empire remains high. Over the last 12 months, the Inland Empire has lost 9,400 jobs (-0.8%). The current unemployment rate is 14.3%, flat from the 14.3% reported one year ago.²

For Q4, the Inland Empire net absorption came in at -127,500 SF. Community/neighborhood centers experienced the most dramatic drop in net absorption with an amount of -97,300 SF, while single tenant buildings recorded the highest amount of positive net absorption of 96,100 SF. The largest lease that occurred had Goodwill signing up for 13,000 SF at the strip center

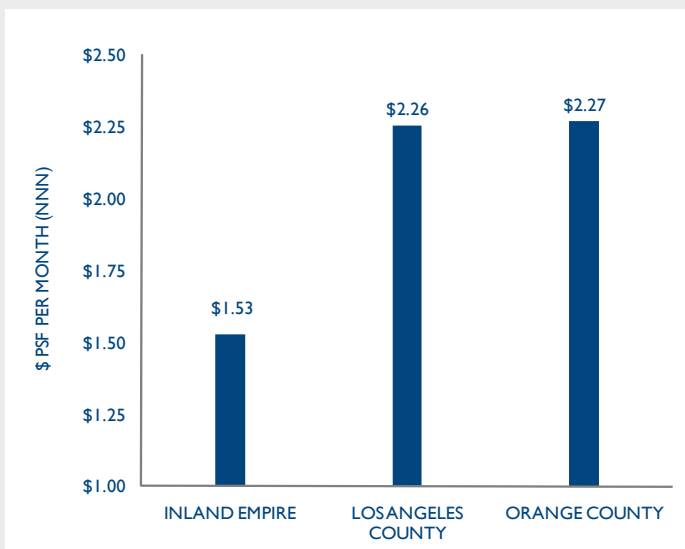
located at 1280-1330 East Washington Street in Colton. With regards to sales activity, the most significant transactions involved Alexander & Baldwin, Inc. acquiring the 66,200 SF neighborhood center, Rancho Temecula Town Center, for \$48.9 million (\$295 PSF), and Weingarten Realty Advisors purchased the 289,500 SF power center, Stoneridge Towne Centre, for \$21.4 million (\$74 PSF). New construction completions delivered to the market during Q4 totaled 67,900 SF.

During Q4, the total vacancy rate was 10.5% which is a slight increase from the 10.4% reported during Q3. Strip centers recorded the highest vacancy (15.9%) while super regional/regional malls ended the quarter with the lowest vacancy (4.0%).

The weighted average asking lease rate for the Inland Empire was \$1.53 PSF NNN, which is a decline from the \$1.55 reported the previous quarter. Super regional/regional malls had the highest average asking lease rate of \$2.12 PSF, while strip centers had the lowest at \$1.25 PSF. Although most of the sales activity is made up of single tenant NNN properties, the Inland Empire has witnessed its fair share of multi-tenant shopping centers sales transactions recently. These investors believe the market offers long term value once it shakes itself from the negative effects of the recession.

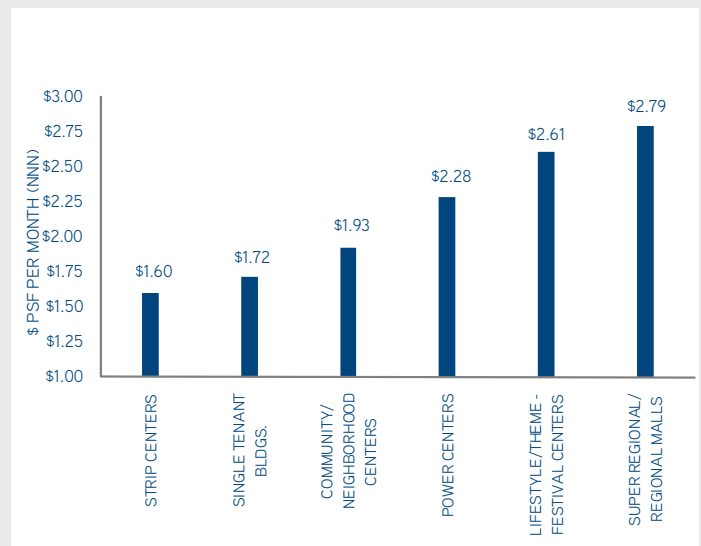
WEIGHTED AVERAGE ASKING LEASE RATES BY MARKET

Los Angeles Basin Retail Market
Q4 2010



WEIGHTED AVERAGE ASKING LEASE RATES BY PROPERTY TYPE

Los Angeles Basin Retail Market
Q4 2010



MAJOR RETAILERS IN THE LOS ANGELES BASIN MARKET

- >99 Cents Only
- >Albertsons
- >Best Buy
- >Costco
- >CVS
- >Home Depot
- >Kohl's
- >Marshall's
- >PetSmart
- >Ralphs
- >Ross Dress For Less
- >Target
- >T.J. Maxx
- >Vons
- >Wal Mart
- >Walgreens

BEYOND THE NUMBERS

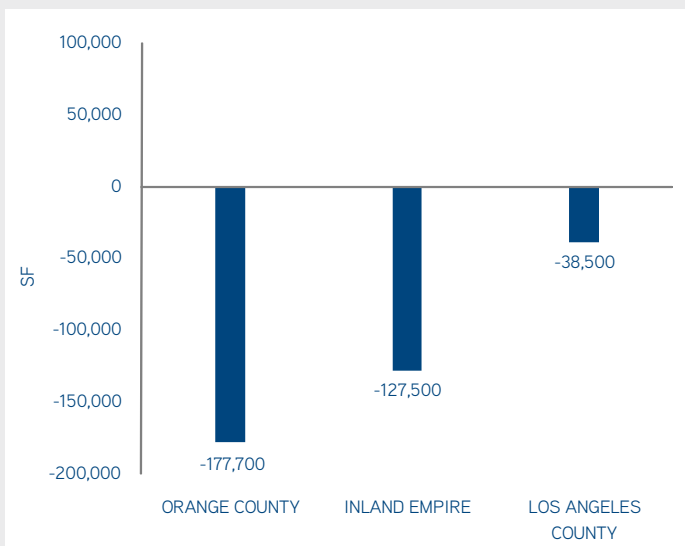
The Los Angeles basin retail real estate market continues to bounce at the bottom of this latest cycle. Since the economic crisis began and troubled retailers started to reduce store count or go out of business, other retailers opened new stores in core properties to increase market share. However, with much of the primary locations leased up, landlords are having a difficult time finding tenants to occupy second tier spaces. Until national, regional, and local retailers believe the economy is ready for the opening of new retail stores, much of the existing vacant spaces will be trickier to lease than most of the locations that have been newly occupied. This quarter has also witnessed retailers that have focused on suburban locations in the past, now turn their attention to having a presence in urban markets, such as Target agreeing to open a location in downtown Los Angeles. High end retailers are also making a comeback as many consumers who stopped shopping at these stores during the recession are purchasing luxury items once again. Although the credit markets are expected to loosen in 2011, lenders will remain selective regarding the properties they make loans on, as they steer clear of high risk retail properties.

MARKET DESCRIPTION

The Greater Los Angeles retail market is comprised of 394 million SF of multi-tenant shopping centers and single tenant properties. Community/Neighborhood Centers represents the most amount of space (45%) among the different property types. The market attracts both affordable retailers and high end stores due to a population that demands a wide variety of stores. High median income households and strong population growth contribute to make this region attractive to retailers.

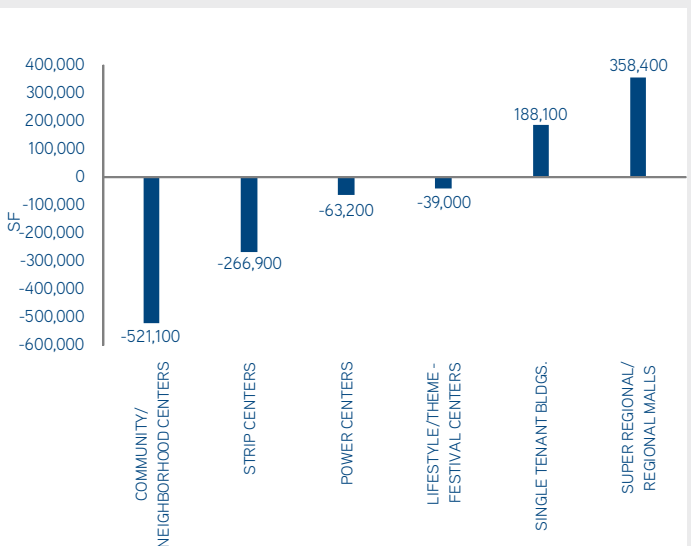
NET ABSORPTION BY MARKET

Los Angeles Basin Retail Market
Q4 2010



NET ABSORPTION BY PROPERTY TYPE

Los Angeles Basin Retail Market
Q4 2010



DEFINITIONS OF KEY TERMS USED IN THIS REPORT

Anchor Tenant:

A large national or regional retailer that serves as a primary draw for a shopping center.

Capitalization (Cap) Rate:

A calculation that shows the relationship between one year's net operating income and the current market value of a property. Is calculated by dividing the annual net operating income by the sales price.

Community Center:

Typically has a total square footage between 100,000 - 350,000 SF. Often will have 2-3 large anchored tenants, which include supermarkets and drugstores. Other tenants may include retailers that sell items such as apparel, home improvement/furnishings, toys, electronics, or sporting goods.

Direct Vacancy:

Space in existing buildings that is vacant and immediately available during the quarter for direct lease, plus space that is vacant but not available for direct lease or sublease (for example, that is being held for a future commitment).

Lifestyle Center:

An upscale specialty store shopping center that has a total square footage between 150,000 - 500,000 SF. The center usually has an outdoor setting with dining and entertainment.

Neighborhood Center:

Focuses on retailers that sell convenience items and personal services. The center will often have a supermarket as an anchor tenant. The size range is 30,000 - 300,000 SF.

Power Center:

The center often consists of several freestanding anchors with a minimum number of small tenants. The size of the property is typically between 250,000 - 600,000 SF. The anchor tenants are usually discount department stores, off-price stores, and warehouse clubs.

Regional/SuperRegional Mall:

Provides shopping goods, general merchandise, apparel, and furniture. Often consists of multiple department stores. Regional Malls usually are between 400,000 - 800,000 SF, and Super Regional Malls typically are greater than 800,000 SF.

Theme/Festival Center:

Predominantly has a unifying theme based on tenants and architectural design. Focuses on restaurants and entertainment while appealing to tourists. The size range is 80,000 - 250,000 SF.

Single Tenant Free Standing Building:

Retail building occupied by only one tenant.

Space Added (Net):

Total square feet added during the quarter via construction completions, including renovated space returned to market, less total square feet taken off-market due to demolitions or conversions.

Strip Center:

An attached row of stores or service outlets while usually being less than 30,000 SF.

Under-Construction/Renovation:

Includes buildings that are in some phase of construction, beginning with foundation work and ending with the issuance of a Certificate of Occupancy. Also includes buildings that are under going substantial renovation.

Weighted Average Asking Rental Rates:

Weighted by the total square feet available for direct lease. Data is based on Full Service Gross rents, and includes all costs associated with occupying the space, including taxes, insurance, maintenance, janitorial service and utilities. Reported on a monthly, per SF basis.

Technical Note

Colliers International is continuously refining its database. The data shown in the historical tables and graphics in this report have been adjusted to take into account these changes in the database.

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- 2.4 billion square feet under management
- Over 15,000 professionals

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