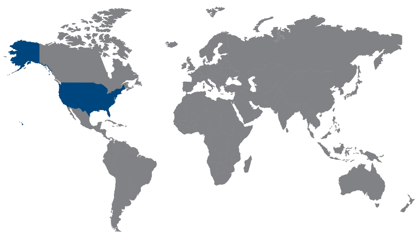
LOS ANGELES BASIN

MARKET REPORT

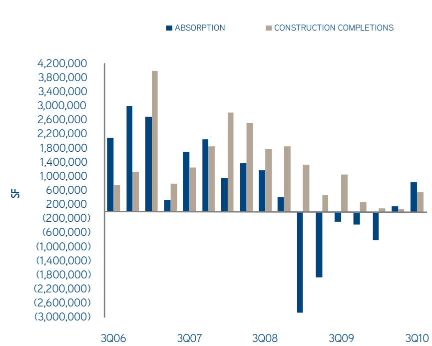


MARKET INDICATORS

	Q3 2010	Q4 2010 (p)
VACANCY	→	→
NET ABSORPTION	↑	↑
CONSTRUCTION	↑	↓
RENTAL RATE	→	→

HISTORICAL NET ABSORPTION & CONSTRUCTION COMPLETIONS

Q3 2006 - Q3 2010



Market Fundamentals Slowly Improve

EXECUTIVE SUMMARY

Market fundamentals in the Los Angeles Basin retail market continued to steadily improve. During Q3, the market reported positive net absorption of 848,500 SF. This figure was boosted by the completion of the 524,000 SF Santa Monica Place regional mall. Los Angeles County and the Inland Empire markets reported positive net absorption while Orange County came in with slightly negative net absorption. The vacancy rate for the region remained flat at 7.4%. The weighted average asking lease rate also remained flat at $1.96 PSF NNN from the previous quarter.[1] It is encouraging that the market has reported two consecutive quarters of positive net absorption, which has not occurred since Q3 and Q4 2008.

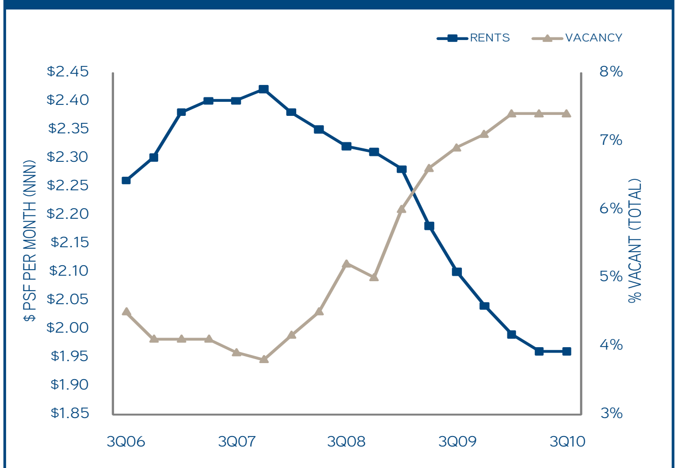
LOS ANGELES COUNTY

Over the last 12 months, the unemployment rate for Los Angeles County increased to 12.6% in August 2010, up from 12.1% one year ago which equates to a loss of 39,400 jobs (-1.0%).[2] During Q3, Los Angeles County reported positive net absorption of 672,300 SF. Similar to Q2, four of the six different property types reported positive net absorption, which includes Super Regional/Regional Malls (557,400 SF), Community/Neighborhood Centers (65,300 SF), Power Centers (60,700 SF) and Lifestyle/Theme-Festival Centers (15,000 SF). During Q3, Los Angeles County reported an

HISTORICAL VACANCY VS RENTS

Los Angeles Basin Retail Market

Q3 2006 - Q3 2010



MARKET TRENDS

Total vacancy rate at 7.4%

Net absorption at positive 848,500 SF

Weighted average asking rents at $1.96 PSF

[1] Colliers 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:
-1.7% *(past 12 months)*

› UNEMPLOYMENT RATE:
12.4% *(as of August 2010)*

active leasing market. The largest leases involved TJ Maxx signing for 31,500 SF at the power center called Fallbrook Center located at 6609 Fallbrook Avenue in West Hills, and Jacob Clothing Co. leasing 27,300 SF at the West Covina Village Shopping Center (community center) at 301-477 North Azusa Avenue. With regards to sales activity, the most significant transaction occurred when Cole Real Estate Investments purchased the 680,700 SF regional mall, Whittwood Town Center, at 15608-15740 Whittwood Lane in Whittier for $83.5 million ($123 PSF). New construction levels significantly increased with the completion of the 524,000 SF Santa Monica Place regional mall which helped bring the total amount to 566,000 SF. There is currently 189,500 SF under construction.

Total vacancy for Los Angeles County was a reported 5.9%, for a decrease of 10 basis points from the 6.0% rate of the previous quarter. Strip Centers reported the highest vacancy rate (7.4%) while Single Tenant Buildings came in with the lowest at 4.1%. For the second consecutive quarter, Power Centers reported the most significant change in vacancy going from 6.4% last quarter to a current rate of 6.0%.

For Q3, the weighted average asking lease rate was $2.28 PSF, which is slightly higher than the $2.27 PSF reported in Q2. Super Regional/Regional Malls reported the highest average asking lease rate with $3.08 PSF, while Strip Centers accounted for the lowest at $1.84 PSF. Although most of the sale transactions continue to involve single tenant NNN properties, large multi-tenant shopping centers that are distressed assets are beginning to garner interest from investors.

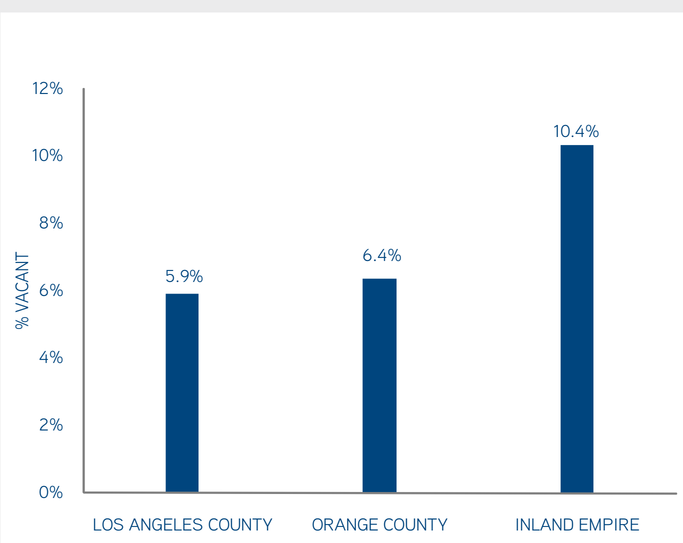
ORANGE COUNTY

Unemployment remains high in Orange County. Over the last 12 months, Orange County has gained 12,000 jobs (0.9%), which caused the current unemployment rate to decrease to 9.6% from the 9.8% figure reported one year ago.[2]

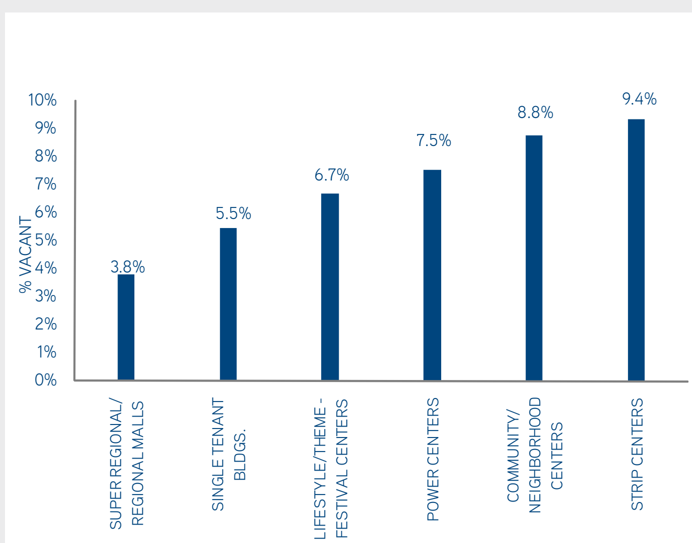
For Q3, Orange County reported a net absorption amount of -15,900 SF. Community/Neighborhood Centers were hit the hardest by reporting a net absorption total of -37,100 SF. The only two property types that recorded positive net absorption were Super Regional/Regional Malls (54,700 SF) and Lifestyle/Theme-Festival Centers (11,800 SF). Even though the market experienced overall negative net absorption, significant leases were signed during Q3. The largest leases involved Forever 21 signing for 43,000 SF in a sublease for a portion of the Sears space at the super regional mall of South Coast Plaza located at 3333 Bristol Street in Costa Mesa, and Gold's Gym leasing 37,500 SF at the regional mall, Amerige Heights, Town

[2] *Source: California Employment Development Department, August 2010.*

VACANCY BY MARKET
Los Angeles Basin Retail Market
Q3 2010



VACANCY BY PROPERTY TYPE
Los Angeles Basin Retail Market
Q3 2010



RETAIL OVERVIEW
Los Angeles Basin Retail Market
Q3 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	4.4%	4.6%	557,400	548,700	524,000	0	$3.08	$123
POWER CENTERS	14,707,800	6.0%	6.4%	60,700	(4,700)	0	0	$2.70	-
LIFESTYLE/THEME-FESTIVAL CENTERS	5,506,200	5.1%	5.3%	15,000	(23,400)	0	0	$2.87	-
COMMUNITY/NEIGHBORHOOD CENTERS	76,310,200	7.0%	7.0%	65,300	(22,300)	42,000	142,500	$2.26	$267
STRIP CENTERS	24,657,100	7.4%	7.3%	(18,600)	(10,300)	0	0	$1.84	$198
SINGLE TENANT BLDGS.	40,413,600	4.1%	4.1%	(7,500)	106,400	0	47,000	$1.97	$484
Subtotal	**187,002,800**	**5.9%**	**6.0%**	**672,300**	**594,400**	**566,000**	**189,500**	**$2.28**	**$268**
ORANGE COUNTY									
SUPER REGIONAL/REGIONAL MALLS	14,007,200	3.3%	3.7%	54,700	70,600	0	0	$3.00	-
POWER CENTERS	6,684,300	7.0%	6.8%	(17,100)	(6,200)	0	0	$2.65	-
LIFESTYLE/THEME-FESTIVAL CENTERS	3,694,200	8.7%	9.0%	11,800	(20,800)	0	0	$2.84	-
COMMUNITY/NEIGHBORHOOD CENTERS	42,930,400	7.0%	6.9%	(37,100)	(345,700)	0	0	$2.20	$172
STRIP CENTERS	7,884,000	7.8%	7.6%	(17,800)	(19,100)	0	15,000	$1.80	$245
SINGLE TENANT BLDGS.	11,541,400	5.6%	5.5%	(10,400)	(48,100)	0	0	$1.97	$523
Subtotal	**86,741,500**	**6.4%**	**6.4%**	**(15,900)**	**(369,300)**	**0**	**15,000**	**$2.27**	**$313**
INLAND EMPIRE									
SUPER REGIONAL/REGIONAL MALLS	11,870,700	3.2%	2.8%	(47,000)	(68,700)	0	0	$2.16	-
POWER CENTERS	13,328,400	9.5%	10.6%	157,600	147,800	0	0	$1.79	-
LIFESTYLE/THEME-FESTIVAL CENTERS	2,546,700	7.3%	5.9%	(35,600)	(36,500)	0	0	$1.80	$250
COMMUNITY/NEIGHBORHOOD CENTERS	56,379,100	12.6%	12.9%	142,900	(54,800)	0	71,100	$1.55	$145
STRIP CENTERS	9,996,800	15.4%	15.2%	(18,500)	(13,400)	0	0	$1.26	$161
SINGLE TENANT BLDGS.	25,858,800	7.5%	7.5%	(7,300)	19,800	0	29,800	$1.38	$402
Subtotal	**119,980,500**	**10.4%**	**10.5%**	**192,100**	**(5,800)**	**0**	**100,900**	**$1.53**	**$240**
AREA TOTAL									
SUPER REGIONAL/REGIONAL MALLS	**51,285,800**	**3.8%**	**3.8%**	**565,100**	**550,600**	**524,000**	**0**	**$2.88**	**-**
POWER CENTERS	**34,720,500**	**7.5%**	**8.0%**	**201,200**	**136,900**	**0**	**0**	**$2.25**	**-**
LIFESTYLE/THEME-FESTIVAL CENTERS	**11,747,100**	**6.7%**	**6.7%**	**(8,800)**	**(80,700)**	**0**	**0**	**$2.60**	**$250**
COMMUNITY/NEIGHBORHOOD CENTERS	**175,619,700**	**8.8%**	**8.9%**	**171,100**	**(422,800)**	**42,000**	**213,600**	**$1.92**	**$195**
STRIP CENTERS	**42,537,900**	**9.4%**	**9.2%**	**(54,900)**	**(42,800)**	**0**	**15,000**	**$1.61**	**$201**
SINGLE TENANT BLDGS.	**77,813,800**	**5.5%**	**5.4%**	**(25,200)**	**78,100**	**0**	**76,800**	**$1.70**	**$470**
TOTAL	**393,724,800**	**7.4%**	**7.4%**	**848,500**	**219,300**	**566,000**	**305,400**	**$1.96**	**$279**
QUARTERLY COMPARISON AND TOTALS									
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**
Q3 2009	**392,978,400**	**7.0%**	**7.0%**	**(277,100)**	**(5,008,300)**	**1,059,500**	**285,700**	**$2.10**	**$294**

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.

› The market has reported two consecutive quarters of positive net absorption

› Distressed assets are beginning to garner interest from investors

› Many retailers that survived the recession continue to expand

Center, located at 1895-1995 West Malvern Avenue in Fullerton. Since Orange County did not experience any sales transactions other than single tenant NNN properties and small strip centers, no significant deals occurred to report. Construction activity remains very low with no completions delivered to the market during Q3, and there is only 15,000 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 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%.

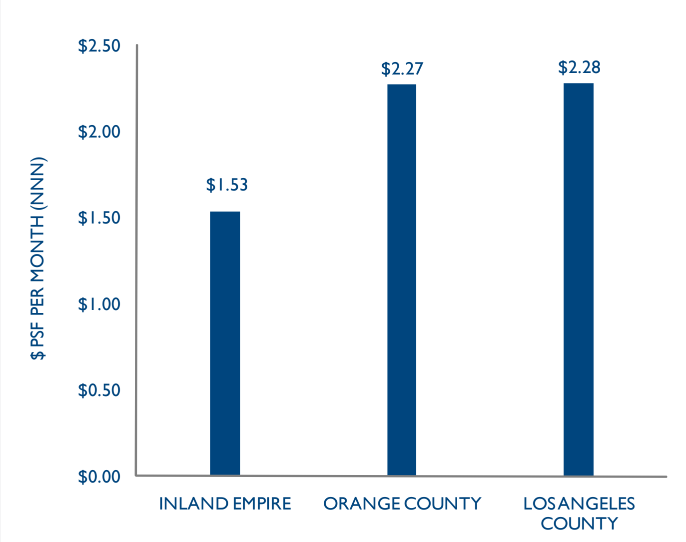
For Q3, the weighted average asking lease rate was $2.27 PSF NNN, which represents a decline from the $2.29 reported the previous quarter. Super Regional/Regional Malls reported the highest average asking lease rate at $3.00 PSF, while Strip Centers have the lowest at $1.80 PSF. Sales activity for the Orange County retail market consisted only of single tenant NNN properties and small strip centers. Since the distressed market has had little impact on Orange County retail real estate, investors are focused on stable long-term investments which the recently sold properties in Orange County offered the buyers.

INLAND EMPIRE

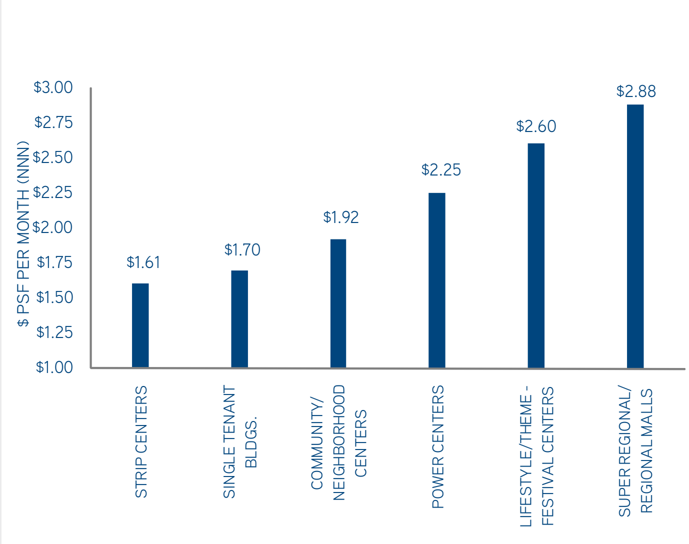
Unemployment for the Inland Empire continues to get battered by the economy. Over the last 12 months, the Inland Empire has lost 22,700 jobs (-2.1%). The current unemployment rate is 14.8%, up from the 14.2% reported one year ago.[2]

For Q3, the Inland Empire reported total positive net absorption to be 192,100 SF. Power Centers (157,600 SF) and Community/Neighborhood Centers (142,900 SF) reported the greatest amounts of positive net absorption, while Super Regional/Regional Malls recorded the highest total of space givebacks with a net absorption amount of -47,000 SF. The largest lease that occurred had Burlington Coat Factory signing up for 80,000 SF at the Jess Ranch Marketplace regional mall located at 19131 Bear Valley Road in Apple Valley. Burlington Coat Factory also leased 75,600 SF at the Tri-City Shopping Center regional mall in Redlands. With regards to sales activity, the most significant transactions involved Meenakshi Kovil Inc. acquiring the 68,000 SF neighborhood center called Temecula Creek Plaza for $12.5 million ($184 PSF), and Oxylane Groupe-Decathlon purchased the 128,300 SF neighborhood center, Ontario Town Center, for $11.75 million ($92 PSF).

WEIGHTED AVERAGE ASKING LEASE RATES BY MARKET
Los Angeles Basin Retail Market
Q3 2010



WEIGHTED AVERAGE ASKING LEASE RATES BY PROPERT TYPE
Los Angeles Basin Retail Market
Q3 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

During Q3, the total vacancy rate reported to be 10.4% which is a decline from the 10.5% reported during Q2. Strip Centers recorded the highest vacancy (15.4%) while Super Regional/Regional Malls ended the quarter with the lowest vacancy (3.2%). Lifestyle/Theme-Festival Centers saw the most significant change in vacancy where it increased from 5.9% last quarter to a current figure of 7.3%.

The weighted average asking lease rate for the Inland Empire was $1.55 PSF NNN, which is slightly higher than the $1.53 reported the previous quarter. Super Regional/Regional Malls reported the highest average asking lease rate of $2.16 PSF, while Strip Centers had the lowest at $1.26 PSF. Due to a high number of distressed assets, investors have been able to purchase multi-tenant shopping centers at discounted prices in the Inland Empire. Even though most sale transactions involved single tenant NNN properties, this market offers investors more acquisition opportunities of large distressed shopping centers than the nearby higher image markets of Los Angeles and Orange Counties.

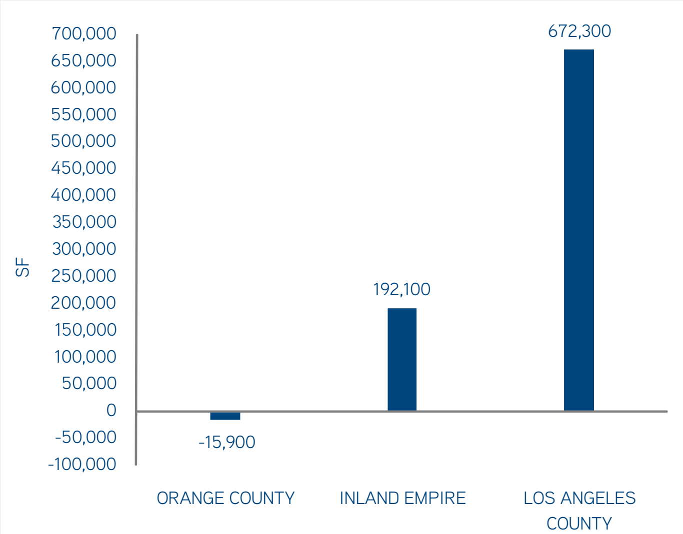
BEYOND THE NUMBERS

The Los Angeles basin retail real estate market is showing resiliency by reporting small improvements in market fundamentals. Many retailers that survived the recession continue to expand while taking advantage of relatively low lease rates offered by landlords who are extremely motivated to fill vacant spaces. The biggest news item of the quarter was the opening of the Santa Monica Place mall. This is one of the largest high image retail propertyies in the nation that was delivered in 2010. This property was successful in leasing space to several high end retailers, including Nordstrom, Bloomingdale's, Tiffany & Co., Coach, and numerous restaurants as well. If market fundamentals continue to improve, sale prices will increase as investors become more confident in the long term prospects of the market. However, retailers remain on edge regarding consumer spending which will not witness significant increases until sustainable job growth occurs.

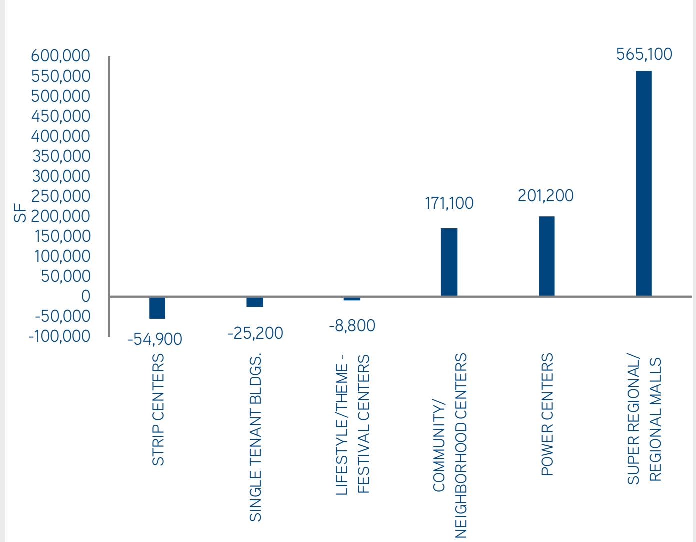
MARKET DESCRIPTION

The Greater Los Angeles retail market is comprised of 393.7 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
Q3 2010



NET ABSORPTION BY PROPERTY TYPE
Los Angeles Basin Retail Market
Q3 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 entetainment.

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.

This report and other research materials may be found on our website at www.colliers.com/losangeles.

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