



Market Analysis -- Proposed Condominium Development Marriott LeMerigot Beach Hotel Santa Monica, CA

Santee Court Phase II Owner, LLC and 269 S. Lafayette Park Place, LLC | January 4, 2011

EXECUTIVE SUMMARY

Background and Objectives

Santee Court Phase II Owner, LLC and Lafayette Park Place, LLC, landowners of the existing Marriott LeMerigot Beach Hotel site at 1740 Ocean Avenue in Santa Monica, California, retained RCLCO (“Robert Charles Lesser & Co., LLC”) to provide a third-party evaluation addressing the market feasibility of condominium development at the subject property.

Donald Alec Barany Architects Inc., Santa Monica, prepared the development plans on behalf of the landowners in accordance with the 2010 and 1986 zoning ordinances as applied to the subject property. In brief, the condominium development plan under the 2010 zoning ordinance allows for 85 units, four residential floors and 121,354 saleable square footage; the plan under the 1986 zoning ordinance would have allowed 88 units, six residential floors and 130,382 saleable square footage (refer to Exhibits V and VI for the detailed plans prepared by Donald Alec Barany Architects).

Against this background, RCLCO conducted the market feasibility evaluation of proposed luxury condominium development. Specific analytical objectives addressed by RCLCO include:

- *Market* – potential market demand for condominiums at the subject site derived from the synthesis of demand/market demographics, competitive supply, and the location qualities of the site itself.
- *Financial* – project achievable pricing (with consideration for premiums arising from location and views) and absorption for the proposed units.
- *Product Programming* – assess the appropriateness of the programming, unit types and sizes, which result from the architect’s planning efforts and underpin the sales price projections.

Methodology

Specific analytical tasks leading to the fulfillment of the above objectives consisted of:

- Evaluated the location merits of the hotel site as a future luxury condominium location, focusing on the subject’s location, access and visibility, quality of surrounding development, and proximity to key amenities/places.

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- Described short-term economic development trends for Los Angeles County as a whole, i.e., economic recovery outlook and job growth, underpinning the economic development context and setting for new condominiums in Santa Monica.
 - Evaluated the competitive environment looking at historical condominium sales in Santa Monica and the Primary Market Area (“PMA,” refer to Page 8 of this report for definition), specific existing condominium developments that could inform potential pricing at the subject site, and the outlook for planned and proposed condominium development in the local market, specifically Santa Monica.
 - Analyzed market demand/depth for new condominiums at the subject Ocean Avenue location, utilizing the demographic makeup (age, income, tenure, household size, preference for condominium, and turnover) and of the Primary Market Area as the basis for local demand.
 - Translated the market research findings into development conclusions addressing market depth available for capture by prospective condominium development at the subject site and achievable pricing informed by local market comparables. We have applied our pricing and sales velocity conclusions to the two development alternatives applicable to the site under the 2010 and 1986 zoning ordinances.
 - In 2010, the property is now in an RVC zone pursuant to the City of Santa Monica’s current Zoning Ordinance. The architect established the density from Table 9.04.08.12.060 per the zoning code wherein the maximum FAR (floor to lot area ratio) is set at 2.0, notwithstanding lot coverage, setback and height restrictions and parking requirements. With this information in mind, the architect prepared schematic plans and sections for an 85-unit residential condominium project. Please refer to Exhibit V for the detailed development plans, specifically Sheets A.0 through A.9 titled “Proposed Residential Condominium Project Based On the 2010 Zoning Ordinance.”
 - In 1986, the property was in an R4 zone pursuant to the City of Santa Monica’s 1986 Zoning Ordinance (Article 9 of the Municipal Code). The architect established the density from Section 9110B per the zoning code wherein a minimum of 750 square feet of lot area was required for each dwelling unit. Based on the total lot area of 65,834 square feet, 88 dwelling units would have been allowed, notwithstanding lot coverage, setback and height restrictions and parking requirements. With this information in mind, the architect prepared plans and sections for an 88-unit residential condominium project. Please refer to Exhibit VI for the detailed development plans, specifically Sheets A.0 through A.10 (dated 12-29-10) titled “Proposed Residential Condominium Project Based On the 1986 Zoning Ordinance.”

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- With regards to the restrictions imposed by the California Coastal Commission, a representative stated that the subject property is in an “Area of Deferred Certification” and is not governed by a specified set of ordinances other than the general principles stipulated in the California Coastal Act.¹ This condition holds for both the 1986 and the current zoning.

Conclusions and Recommendations

Our overriding conclusion is that the Marriott LeMerigot Beach Hotel site provides an excellent location for luxury condominium development and that the proposed development would build on the demonstrated market demand for upscale, beach-proximate attached housing in Santa Monica. By virtue of its prestigious location, beach and retail proximity, ocean view possibilities and surrounding neighborhood characteristics, we would envision proposed condominium development at the hotel site would achieve prices among the top-selling condominium market in Santa Monica.

Market Opportunity

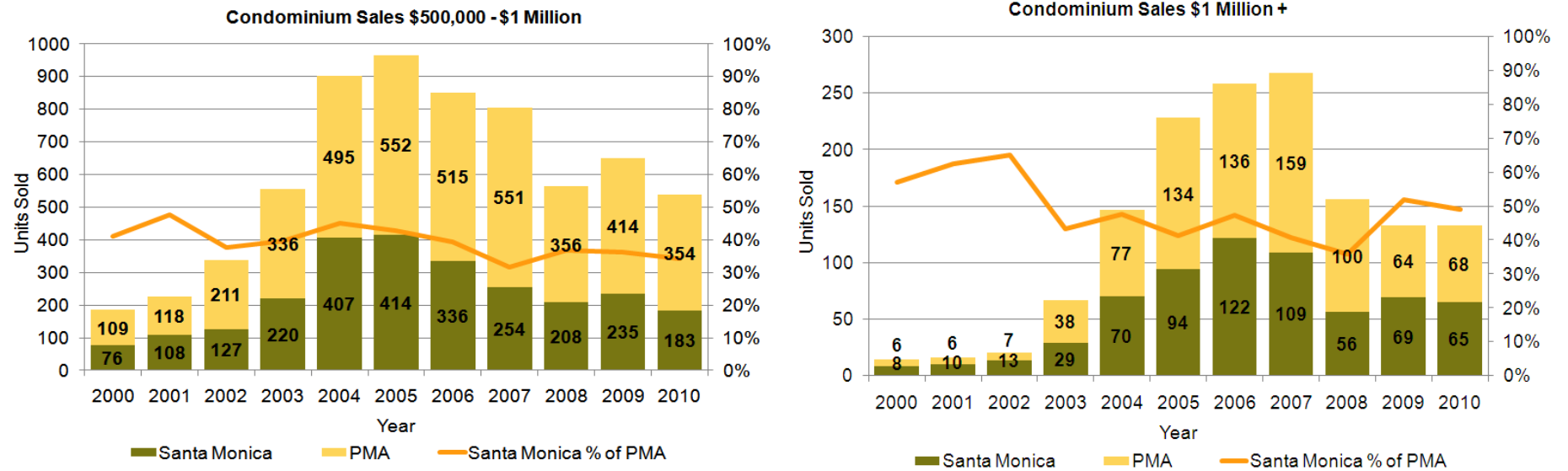
Santa Monica has historically been perceived as an upscale, highly sought-after residential neighborhood, and a demonstrated market for luxury attached housing already exists in this area. During the past decade, annual condominium sales above \$500,000 ranged between 84 and 508 units, averaging about 300 sales per year. In 2009, condominium sales above \$500,000 totaled 304 units and so far through 2010 have amounted to 248 units (Exhibit IV-8).

Historically, about 60% to 70% of all resales in the Primary Market Area are condominiums. Of these condominium sales, units in Santa Monica account for 30% to 40% of those priced between \$500,000 and \$1 million, and 40% to 50% of those priced over \$1 million (Figure 1). To put this in perspective, Santa Monica’s owner occupied household population represents 13% of the PMA which, when compared against the much higher market capture of PMA condominium sales, suggests the city’s existing appeal to the upscale condominium market.

¹ Per Al J. Padilla, Coastal Program Analyst Ports Coordinator at the California Coastal Commission.

Figure 1

Historical Condominium Sales, Santa Monica vs. PMA



SOURCE: SoCalMLS; RCLCO

The beach-proximate location of the subject property will prove attractive to many potential homebuyers. Considering the numerous target markets, young professionals, empty-nester move-downs and second-home buyers, that comprise the demand, we recommend a product program featuring a mix of one-to three-bedroom units to optimize market segmentation. The conceptual plans prepared by the architect are consistent with this market objective.

The achievable pricing for the two development plans are shown below (Figure 2 below and Exhibit I-1).

- Achievable Pricing – 85-Unit Conceptual Development Plan Per the 2010 Zoning Ordinance.
 - Average unit size would be 1,289 square feet, with unit types and sizes as follows: one-bedroom units from 740 to 897 square feet, two-bedroom units from 1,050 to 1,418 and three-bedroom units from 1,866 to 2,200 square feet.

- Estimated average sales price of \$1,218,000 or \$945 per square foot (constant 2010 dollars). Average sales prices range from \$899,000 or \$1,056 per square foot for a one-bedroom unit to an average of \$1,906,000 or \$912 per square foot for a three-bedroom unit.
- Achievable Pricing – 88-Unit Conceptual Development Plan Per the 1986 Zoning Ordinance.
 - Average unit size would be 1,364 square feet, with unit types and sizes as follows: one-bedroom units at 810 square feet, two-bedroom units from 1,110 to 1,295 and three-bedroom units from 2,014 to 2,240 square feet.
 - Estimated average sales price of \$1,322,000 or \$969 per square foot (constant 2010 dollars). Average sales prices range from \$806,000 or \$995 per square foot for a one-bedroom unit to \$1,906,000 or \$934 per square foot for a three-bedroom unit.

**Product Program and Achievable Pricing, Condominium Development, Marriott LeMerigot Beach Hotel Site
(in constant 2010 dollars)**

Figure 2

2010 ZONING ORDINANCE	PLAN	AVG. UNIT SIZE	UNIT COUNT	MIX	BASE PRICE	AVERAGE PRICE ¹	AVERAGE VALUE RATIO
	One Bedrm	851 SF	13	15%	\$783,000	\$899,000	\$1,056/SF
	Two Bedrm	1,110 SF	53	62%	\$935,000	\$1,050,000	\$946/SF
	Three Bedrm	2,090 SF	19	22%	\$1,513,000	\$1,906,000	\$912/SF
	TOTAL/AVG:	1,289 SF	85	100%	\$1,041,000	\$1,218,000	\$945/SF

1986 ZONING ORDINANCE	PLAN	AVG. UNIT SIZE	UNIT COUNT	MIX	BASE PRICE	AVERAGE PRICE ¹	AVERAGE VALUE RATIO
	One Bedrm	810 SF	10	11%	\$760,000	\$806,000	\$995/SF
	Two Bedrm	1,131 SF	52	59%	\$950,000	\$1,129,000	\$998/SF
	Three Bedrm	2,041 SF	26	30%	\$1,488,000	\$1,906,000	\$934/SF
	TOTAL/AVG:	1,364 SF	88	100%	\$1,087,000	\$1,322,000	\$969/SF

SOURCE: RCLCO

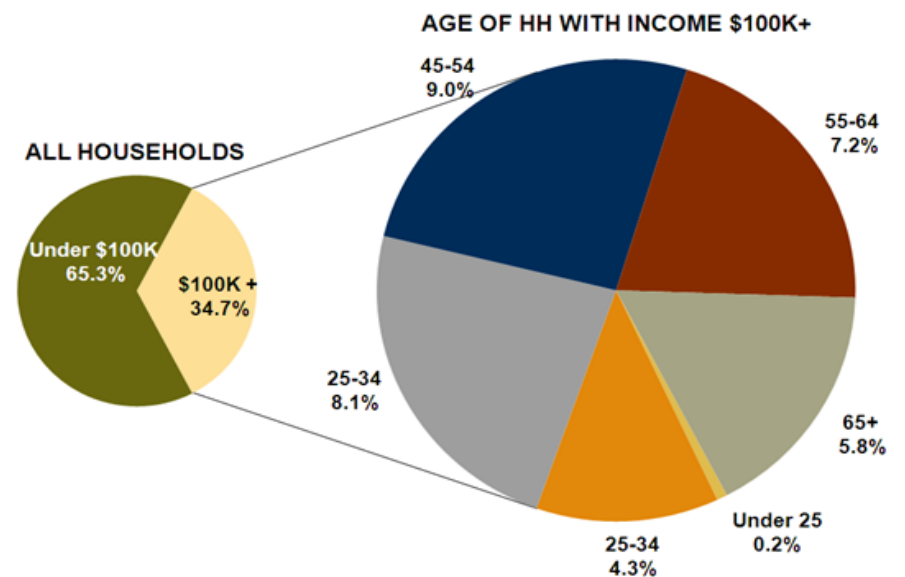
Market Depth and Absorption Potential

With condominium pricing at the proposed levels, we measured depth of market in accordance with household income and other demographic characteristics. One key indication is the number of local area households earning over \$100,000 annually, the minimum annual income to purchase a unit at the current recommended program. Based on current estimates, the PMA has nearly 100,000 households earning over \$100,000 annually (Figure 3). This PMA figure reduces to about 1,752 households per year after adjustments that net out owners, condominium buyers, household size, and turnover (proportion of households that relocate annually). RCLCO's expectation is that the subject site's premier location would also be attractive to buyers outside of the local area, possibly out-of-state and international buyers, and that this secondary demand would comprise 20% to 25% of total demand. After considering the secondary market, total annual demand (from both Primary and Secondary markets) would approach 2,210 (Exhibit III-8).

RCLCO views the subject site as unique in the Santa Monica market considering its location which provides both walking accessibility to the beach and the varied retail and restaurant offerings now found at the newly reopened upscale Santa Monica Place and the Third Street Promenade. Also of importance is that condominium development at the subject site would represent new beach-proximate product in a local market which has not seen new beach accessible product in 13 years (951 Ocean comprises 16 units built in 1997). Sailhouse Lofts, built in 2006 is located several blocks inland and represents the newest condominium development near the subject property.

Under either development plan, the hotel site has the potential to attract between 70 and 110 sales per year of this demand, or a monthly absorption of six to nine units per month (Exhibit III-8). Key considerations in this projection are our demand analysis, the estimated annual number of PMA buyers likely to purchase in Santa Monica at the price points envisioned for the subject property (estimated at 700 per year), the limited competitive environment, and a modest market capture requirement (10% to 15%) of the pertinent local Santa Monica market.

Figure 3 **2010 Household Income Distribution**
(in constant 2010 dollars)



SOURCE: RCLCO

MARKET ANALYSIS

Site Assessment

Figure 4 **Marriott LeMerigot Hotel Site**



SOURCE: Google Earth; RCLCO

The proposed project is on Ocean Avenue south of Colorado Avenue and north of Pico Boulevard in Santa Monica, California. The site is separated from the beach by Appian Way and the mid-rise Sea Castle Apartments. Adjacent to the property is the upscale Shutters Hotel on the south and Loews Hotel on the north. The Santa Monica Pier, the beach and 3rd Street Promenade are located within two blocks of the property.

No major new residential projects exist in the surrounding area. The majority of the residential projects near the site appear to be older, multifamily product. However, the subject's neighborhood is bustling with major attractions including the Santa Monica Pier, beach access, 3rd Street Promenade, new Civic Center plans (Related Companies' proposed 325-unit condominium development with 20,000 square feet of retail), and several nearby popular hotels including the Viceroy, Loews Hotel and Shutters. In addition, an abundance of local-serving retail, restaurants, and entertainment can be found along Main Street.

Access to the property itself should pose no major problems. The site is situated in the western region of the city of Santa Monica and is within one block of the Santa Monica Freeway (I-10) and within four miles of the San Diego Freeway (I-405). The site is also located within reasonable proximity to a number of employment cores in the area. Employment in Santa Monica, Brentwood, Westwood and Century City are within a short commute from the subject site. Additionally, Downtown Los Angeles and the San Fernando Valley are accessible from the subject site from major freeways such as the Santa Monica (I-10) and San Diego Freeways (I-405).

The project presents an excellent opportunity to develop a new multifamily community in an area that lacks new residential product. Current development activity is taking place in less desirable ocean-proximate areas, such as Venice, Marina del Rey and Playa Vista to the south. The proposed condominium development should be of special interest to potential upscale local buyers who seek new multifamily ownership product in a highly desirable setting.

Regional Employment

Reflective of national economic conditions, the Los Angeles Metropolitan Statistical Area (MSA) is currently in the process of emerging from one of the worst recessions in history. Current county-wide employment stands at about 3.8 million jobs and about a 12.5% unemployment rate (October 2010). The region lost 85,000 jobs (1.5%) in 2008, 351,000 jobs (-6.3%) in 2009, and 111,000 jobs (-2.1) through the first three quarters of 2010 (Exhibit II-2B). Employment losses in 2010 have been focused in the manufacturing, construction, government, and wholesale trade industry sectors. However, there are signs of improvement not surprisingly led by the service sector -- the information, leisure and hospitality, education, health services, and administration services sectors have all witnessed modest growth.

- Economy.com forecasts continued economic stabilization for Los Angeles County in 2011, with a total loss of only 1,600 jobs, with economic growth commencing in 2012. The region is forecast to add 111,000 jobs (2.2%) in 2012 and 176,000 jobs (3.4%) in 2013. The same forecasts suggest that the region will not recoup all of the jobs lost during the Great Recession until mid-2017.
- According to the Los Angeles County Economic Development Corporation (LAEDC), Los Angeles County lost 5.9% in 2009. A more modest drop in employment of 1.2% is forecasted for 2010, which is forecasted to rebound for an employment growth of 1.2% in 2011. In effect, 2011 employment will be back to 2009 levels.

Demographic Factors

Currently, Los Angeles County has a population base of approximately 10.3 million and an average household size of 3.09 persons per household. Of the 3.3 million households, 1.7 million households (47%) are owners and 1.8 million (54%) have incomes over \$50,000.

The Primary Market Area, defined by 27 zip codes (Exhibit III-1), is generally referred to as the Westside and has a population of about 624,000, representing approximately 6.1% of the County population. The average household size in the PMA is 2.19, significantly lower than the county as a whole. The PMA's households are more affluent than Los Angeles County with 34% earning incomes over \$100,000 annually and an average of \$109,817 annual household income (compared to \$77,484 for the county). The household growth rate for both the PMA and Los Angeles County is close to one percent per year (Exhibit III-2).

Condominium Supply Trends

Santa Monica Trends

The city of Santa Monica is a highly attractive residential location for both first-time home buyers and long-time owners. Although residential prices are considerably higher than most other parts of Los Angeles County, this has not discouraged buyers. Condominium unit sales above \$500,000 in the last three years have remained averaged roughly 300 sales per year, down from an average of 443 in the three previous years. As of December 10th, there have been 311 condominium resales in Santa Monica in 2010, more than any other local area within the PMA. The average price of condominiums sold in Santa Monica in 2010 is \$772,431, or \$571 per square foot.

Since the late 1990's, development of multifamily product in Santa Monica and surrounding areas has mainly been in the form of small scale ownership projects and affordable housing. As a whole, the residential market in Santa Monica has seen a sharp drop off in activity in the last few years, with only 74 multifamily permits issued in 2009 compared to 587 in 2007. However, preliminary figures for 2010 show 151 permits approved between January and October, indicating that the market may be recovering from the recent recession (Exhibit III-7B).

Competitive Environment

With the exception of Sailhouse Lofts, built in 2006, Santa Monica has not seen the development of new condominium developments near the subject site. Accordingly, we have profiled the relatively new Sailhouse Lofts development together with existing and older beach-proximate condominium development in order to characterize existing pricing achieved in the local market. In this context, the introduction of new beach-proximate condominium product at the subject site represents a truly unique development opportunity in the local Santa Monica market, considering that no other beach-proximate sites are available with similar location qualities of the subject site and existing product with periodic resales is considerably older.

- *Ocean Avenue*

Ocean Avenue is among the most prestigious and desired addresses in Santa Monica. We evaluated four condominium projects along Ocean Avenue including the Ocean Aire (535 Ocean), The Pacifican (801 Ocean), 101 Ocean, and 951 Ocean. There have been 21 resales at these four properties during 2009-2010, with average value ratios ranging from \$803 per square foot at The Pacifican to \$1,168 per square foot at Ocean Aire. All these resales have ocean views which explain in large part the high prices per square foot noted above. These are all older projects built primarily in the 60's and 70's with the exception of 951 Ocean, which was built in 1997.

As indicated, the 16-unit 951 Ocean development is the newest of the four Ocean Avenue properties. Recent resales exceed \$3 million and average sales per square foot approach \$1,000 per square foot which is considerable given that unit sizes are large generally averaging in the 3,100-square foot range.

- *Sea Colony*

The Sea Colony development consists of three phases, Sea Colony I, II, and III, built between 1979 and 1987. The development offers one- to three-bedroom condominiums and townhomes. Building heights vary throughout this development, with the maximum number of floors at six (located in Sea Colony III). Collectively, Sea Colony has seen 20 resales from 2009-2010 with an average sales price of \$1,108,893, or \$727 per square foot.

- *Sailhouse Lofts*

Located on Main Street in Santa Monica several blocks in from the beach, this newer, three-story development was completed in the spring of 2006 and represents the only proximate new product of scale built during the last decade. The project offers 19 mixed-use lofts on four floors. One- and two-bedroom floorplans range from 1,367 to 1,855 square feet with an average size of 1,468 square feet. There have been three resales between 2009 and 2010, averaging \$626 per square foot.

In our evaluation we did not use condominium sales in The Wilshire corridor area of Westwood, because this particular subarea does not compare to the subject property due to the lack of scarcity and exclusivity of Ocean Avenue which contains about 500 units built between 1963 and 1997. Irreplaceable amenities at the subject location include beach access, ocean views and a highly revered climate. Thus, we concluded that these location amenities were best observed in the nearby beach proximate developments and adequate to provide a local framework to determine achievable pricing.

Planned and Proposed

Several condominium developments have been proposed in Santa Monica, although none have broken ground (Exhibit IV-3). The largest of these projects is the Civic Center Village, located directly across Marriott LeMerigot on Ocean Avenue. The project is fully entitled for 165 condominium units, 160 affordable apartments and 20,000 square feet of retail. Related Companies is the developer of the proposed condominiums under a ground lease to the City of Santa Monica. Related Companies successfully negotiated an extension of its DDA (Development and Disposition Agreement) with the City for construction to commence no later than 2012.

Condominium Demand Analysis

Demand Projections

Our demand model reveals annual market depth potential of approximately 1,750 households in the Primary Market Area. The demand model builds on census data localized to reflect the PMA and its unique demographic characteristics. As indicated previously, the PMA roughly covers the Westside per discussions with experienced brokers marketing upscale condominiums in this market. A summary of our demand forecast methodology follows (see Exhibit III-8 for details):

- Households in the Primary Market Area were age-qualified (25 years and older) and income-qualified based on home price ranges and expected affordability. We assumed a 20% downpayment for households age 25-44, 30% for households 55-65, and 60% for households 65+ (for the higher age groups, this allows for equity build up which these households potentially can provide). We also assumed a 30-year fixed mortgage with a 6% interest rate, 1.25% annual property taxes, monthly HOA of \$1,000, and a mortgage-to-income ratio of 35%. Income-qualified households are those earning \$100,000 or more, an approximate expected minimum income to qualify for purchasing a unit at the Marriott LeMerigot site.
 - Additional screening considered owner status, household size, annual turnover, and propensity to choose condominiums.
 - Household projections for the PMA, screened as above, provided short-term demand potential from household growth.
- Considering these demographic factors, we estimate that roughly 1,750 households would be in the market for condominium products on an average annual basis. By comparison, this PMA figure of 1,700 households represents a very small percentage of total households in the PMA encompassing all age and income levels and estimated at 285,000.
- Secondary demand encompasses out-of-state and international buyers, as well as those that fall outside the targeted ranges screened above. Due to the desirability of the subject site location, we estimate that secondary demand constitutes 20% to 25% of total demand. Total annual condominium demand is estimated to be close to 2,200 households.

Site Capture

Santa Monica has historically captured, on average, 40% of all condominium resales in the PMA. For sales of condominiums priced over \$1 million, this figure is closer to 50% (see Figure 1 on page 6 of this report).

Applying these statistics to the total condominium demand in the PMA, we estimate annual demand in Santa Monica to be approximately 900 households. A conservative estimate of subject site capture assumes a rate of 10% for homes under \$1 million and 15% for those above; an aggressive estimate assumes 15% capture of homes under \$1 million and 25% of those above. These rates yield a projected annual demand of roughly 70 to 110 households. We consider these capture rates to be conservative given the absence of new competition and the rarity of beach-proximate locations suitable for condominium development.

Pricing Methodology

Our pricing methodology builds on resales data from existing condominium projects in Santa Monica. The pricing methodology used was the following:

- As noted earlier, comparable projects include the older beach-proximate condominium projects in Santa Monica with recent resales, i.e., the four properties along Ocean Avenue and the Sea Colony development, and Sailhouse Lofts which is the newest development (2006) although several block in from the beach. For the older projects (Ocean Avenue and Sea Colony), only units that were described as recently remodeled were used in our analysis. Despite their age, we nevertheless relied on resales reported among condominium developments along Ocean Avenue and at Sea Colony, as they are nearby, beach proximate and have units with many featuring ocean views.
- Each comparable was given a discount or premium relative to the subject project and unit on the basis of location, floor, view, and age (Exhibits I-4A – 9A and Exhibits I-4B – 9B). The derivation of a base price, i.e., first residential floor, non-view unit per development, incorporated adjustments reflecting an ocean view premium of 20% and floor premium of 3% per floor. The resulting base prices reflected the various unit sizes encompassed within the architect's development plans.
- For the subject site, unit pricing incorporated the previous base prices plus the ocean view premium of 20%, where applicable, and floor premium of 3% per floor. We relied on the architect's determination of the view qualities (ocean versus non-ocean) assigned to each unit under each plan.

Programming

The demand analysis suggests a wide range of unit types and sizes and thus pricing to take full advantage of the available demand (Exhibit III-8). Both plans meet that important consideration, as they respond to the varied home purchasing power associated with households of differing age, income and household size which are present in the market.

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- Within the two plans, the smallest units would be the 740 to 897 square foot one-bedroom units; the largest would be the approximate 2,240 square feet three-bedroom units.
 - Under the plans derived from the 2010 and 1986 zoning ordinances, one-bedroom units would account for 15% and 11% of total units respectively, two-bedroom units would constitute 62% and 59% respectively, and three-bedroom units would comprise 22% and 30% respectively.

CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they stand the test of time.

We assume that the economy and real estate markets are close to bottoming out for the current cycle, and that they will grow at a stable and moderate rate starting in 2010, more or less in a straight line on average for the duration of the analysis period (to 2020 and beyond). However, history tells us that stable and moderate growth patterns are not sustainable over extended periods of time, and that the economy is cyclical and that the real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when the current economic and real estate downturns will end, and what will be the shape and pace of growth once they are recovered.

With the above in mind, we assume that the long term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not take into account the potential impact of future economic shocks on the national and/or local economy, and does not necessarily account for the potential benefits from major "booms," if and when they occur. Similarly, the analysis does not necessarily reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

For all the reasons outlined, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that once the current cycle is over, the following will occur in accordance with current expectations:

- Economic, employment, and household growth.
- Other forecasts of trends and demographic and economic patterns, including consumer confidence levels.
- The cost of development and construction.
- Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth).
- The availability and cost of capital and mortgage financing for real estate developers, owners and buyers, at levels present in the market before the most recent run up (i.e., early 2000s levels).
- Competitive projects will be developed as planned (active and future) and a reasonable stream of supply offerings will satisfy real estate demand.
- Major public works projects occur and are completed as planned.

Should any of the above change, this analysis should probably be updated, with the conclusions reviewed accordingly (and possibly revised).

GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co., LLC" or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

APPENDIX

LIST OF EXHIBITS

I. CONCLUSIONS & RECOMMENDATIONS

- Exhibit I-1* Summary of Conclusions and Recommendations; Marriott LeMerigot Hotel; Santa Monica, CA; December 2010
- Exhibit I-2A* Unit Pricing Reflecting the 1986 Zoning Ordinance, Subject Site; Based on Adjustments to Selected Comparables; December 2010
- Exhibit I-2B* Unit Pricing Reflecting the 2010 Zoning Ordinance, Subject Site; Based on Adjustments to Selected Comparables; December 2010
- Exhibit I-3A* Base Unit Pricing Reflecting the 1986 Zoning Ordinance, Subject Site; Based on Adjustments to Selected Comparables; December 2010
- Exhibit I-3B* Base Unit Pricing Reflecting the 2010 Zoning Ordinance, Subject Site; Based on Adjustments to Selected Comparables; December 2010
- Exhibit I-4A* Base Unit Pricing Reflecting the 1986 Zoning Ordinance, Subject Site; Based on Adjustments to Sailhouse Lofts; December 2010
- Exhibit I-4B* Base Unit Pricing Reflecting the 2010 Zoning Ordinance, Subject Site; Based on Adjustments to Sailhouse Lofts; December 2010
- Exhibit I-5A* Base Unit Pricing Reflecting the 1986 Zoning Ordinance, Subject Site; Based on Adjustments to Sea Colony; December 2010
- Exhibit I-5B* Base Unit Pricing Reflecting the 2010 Zoning Ordinance, Subject Site; Based on Adjustments to Sea Colony; December 2010
- Exhibit I-6A* Base Unit Pricing Reflecting the 1986 Zoning Ordinance, Subject Site; Based on Adjustments to Ocean Aire; December 2010
- Exhibit I-6B* Base Unit Pricing Reflecting the 2010 Zoning Ordinance, Subject Site; Based on Adjustments to Ocean Aire; December 2010

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- Exhibit I-7A* Base Unit Pricing Reflecting the 1986 Zoning Ordinance, Subject Site; Based on Adjustments to 101 Ocean Avenue; December 2010
- Exhibit I-7B* Base Unit Pricing Reflecting the 2010 Zoning Ordinance, Subject Site; Based on Adjustments to 101 Ocean Avenue; December 2010
- Exhibit I-8A* Base Unit Pricing Reflecting the 1986 Zoning Ordinance, Subject Site; Based on Adjustments to Nine Fifty One Ocean; December 2010
- Exhibit I-8B* Base Unit Pricing Reflecting the 2010 Zoning Ordinance, Subject Site; Based on Adjustments to Nine Fifty One Ocean; December 2010
- Exhibit I-9A* Base Unit Pricing Reflecting the 1986 Zoning Ordinance, Subject Site; Based on Adjustments to The Pacifican; December 2010
- Exhibit I-9B* Base Unit Pricing Reflecting the 2010 Zoning Ordinance, Subject Site; Based on Adjustments to The Pacifican; December 2010

II. SUBJECT SITE ANALYSIS

- Exhibit II-1* Location Map, Marriott LeMerigot Beach Hotel; Santa Monica, CA; December 2010
- Exhibit II-2* Subject Property Assessment; Santa Monica, CA; December 2010

III. SOCIOECONOMICS

- Exhibit III-1* Map of Primary Market Area; West Los Angeles
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- Exhibit III-3* Households by Age and Income; Primary Market Area; 2009
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Exhibit IV-5 Price Appreciation of Condominiums, All Resales; Santa Monica, CA; December 2010

Exhibit IV-6A Unit Size to Price Relationship – Condominiums; Santa Monica, CA; 2010

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Exhibit IV-7B Condominium Resales by Value Ratio; Santa Monica, CA; December 2010

Exhibit IV-8 Historical Condominium Unit Sales; Primary Market Area and Santa Monica; 2000-2010

V. SITE PLANS BASED ON THE 2010 ZONING ORDINANCE (Sheets A.0 to A.9)

VI. SITE PLANS BASED ON THE 1986 ZONING ORDINANCE (Sheets A.0 to A.10)

I. CONCLUSIONS AND RECOMMENDATIONS

Exhibit I-1

**SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS
MARRIOTT LEMERIGOT HOTEL
SANTA MONICA, CA
DECEMBER 2010**

MARKET POSITIONING: The beach-proximate setting suggests that, on a price per square foot basis, proposed condominium development at the hotel site should be priced near the top of the condominium market in Santa Monica.

The subject project's base prices are benchmarked relative to prices at Sailhouse Lofts, Sea Colony I, II, and III, Ocean Aire, 101 Ocean Avenue, 951 Ocean Avenue, and The Pacifican.

TARGET MARKET: The primary target market would be households earning incomes over \$100,000 annually, although most buyers would have substantially higher incomes. The target market would likely comprise of a mix of buyers from young singles and couples to move-down empty nesters and second home buyers. Most of the buyers can be expected to emanate from the West Los Angeles area, with 20% to 25% of the demand arising from buyers outside the Westside and Los Angeles region.

ABSORPTION POTENTIAL: RCLCO expects that the recommended program could achieve a monthly absorption of six to nine units per month. At this rate, the proposed project could sell 75 to 100 units per year. This represents a conservative market capture of 10% to 15% of available annual demand in the absence of new product yet still allows for the entry of new product, such as Related Companies' proposed 165-unit condominium development (Civic Center Village, Santa Monica).

PROGRAMMING: Recommended programming should include a broad range of unit sizes to optimize market segmentation and project absorption. Within each unit type (one-, two and three-bedroom units), we suggest two to three different plans differentiated by size.

Given the sizable pricing premiums associated with ocean-view units, the development concept should seek to maximize direct ocean views to the extent possible. Pricing below reflects development concepts applicable to the site per the 2010 and 1986 zoning ordinances. Exhibits V and VI provide the detailed plans prepared by the architect, Donald Alec Barany, Inc.

ACHIEVABLE BASE PRICING (\$ 2010):

2010 ZONING ORDINANCE							
PLAN	AVG. UNIT SIZE	UNIT COUNT	MIX	BASE PRICE	AVERAGE PRICE ¹	AVERAGE VALUE RATIO	
One Bedrm	851 SF	13	15%	\$783,000	\$899,000	\$1,056/SF	
Two Bedrm	1,110 SF	53	62%	\$935,000	\$1,050,000	\$946/SF	
Three Bedrm	2,090 SF	19	22%	\$1,513,000	\$1,906,000	\$912/SF	
TOTAL/AVG:	1,289 SF	85	100%	\$1,041,000	\$1,218,000	\$945/SF	

1986 ZONING ORDINANCE							
PLAN	AVG. UNIT SIZE	UNIT COUNT	MIX	BASE PRICE	AVERAGE PRICE ¹	AVERAGE VALUE RATIO	
One Bedrm	810 SF	10	11%	\$760,000	\$806,000	\$995/SF	
Two Bedrm	1,131 SF	52	59%	\$950,000	\$1,129,000	\$998/SF	
Three Bedrm	2,041 SF	26	30%	\$1,488,000	\$1,906,000	\$934/SF	
TOTAL/AVG:	1,364 SF	88	100%	\$1,087,000	\$1,322,000	\$969/SF	

¹ Assumes a building height of six stories under the 1986 zoning code and four stories under the 2010 zoning code. Average price includes floor premiums of 3% per floor. Ocean view units receive a 20% premium over those units with no ocean view.

SOURCE: RCLCO

Exhibit I-2A

**UNIT PRICING REFLECTING THE 2010 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO SELECTED COMPARABLES
DECEMBER 2010**

UNIT CHARACTERISTICS			UNIT DISTRIBUTION							
			FIRST FLOOR		SECOND FLOOR		THIRD FLOOR		FOURTH FLOOR	
UNIT TYPE	FOOTAGE	TOTAL	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW
One Bedrm	740 SF	1				1				
One Bedrm	801 SF	3			1		1		1	
One Bedrm	847 SF	3			1		1		1	
One Bedrm	897 SF	6				2		2		2
Two Bedrm	1,050 SF	8		2		2		2	1	1
Two Bedrm	1,110 SF	41	2		4	9	4	9	4	9
Two Bedrm	1,226 SF	4				2		1	1	
Three Bedrm	1,866 SF	1					1			
Three Bedrm	1,932 SF	3			1		1		1	
Three Bedrm	2,120 SF	12			4		4		4	
Three Bedrm	2,200 SF	3			1		1		1	
TOTAL/AVG	1,289 SF	85	2	2	12	16	15	12	14	12

UNIT CHARACTERISTICS			UNIT PRICING							
			FIRST FLOOR		SECOND FLOOR		THIRD FLOOR		FOURTH FLOOR	
UNIT TYPE	FOOTAGE	AVG ¹	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW
One Bedrm	740 SF	\$738,510				\$738,510				
One Bedrm	801 SF	\$948,780			\$926,190		\$948,780		\$971,370	
One Bedrm	847 SF	\$982,800			\$959,400		\$982,800		\$1,006,200	
One Bedrm	897 SF	\$858,600				\$834,300		\$858,600		\$882,900
Two Bedrm	1,050 SF	\$1,008,000		\$900,000		\$927,000	\$1,134,000		\$1,161,000	\$981,000
Two Bedrm	1,110 SF	\$1,052,217	\$1,122,000		\$1,150,050	\$963,050	\$1,178,100	\$991,100	\$1,206,150	\$1,019,150
Two Bedrm	1,226 SF	\$1,106,910				\$1,034,120		\$1,064,240	\$1,295,160	
Three Bedrm	1,866 SF	\$1,740,060					\$1,740,060			
Three Bedrm	1,932 SF	\$1,789,200			\$1,746,600		\$1,789,200		\$1,831,800	
Three Bedrm	2,120 SF	\$1,927,800			\$1,881,900		\$1,927,800		\$1,973,700	
Three Bedrm	2,200 SF	\$1,992,060			\$1,944,630		\$1,992,060		\$2,039,490	
TOTAL/AVG	1,289 SF	\$1,218,060								

¹ Represents a weighted average price depending on unit distribution and pricing per unit.
Note: Reflects base unit prices from Exhibit I-3A. Price premiums as follows: floor premiums, 3%; and ocean view premiums, 20%.

SOURCE: RCLCO

Exhibit I-2B

**UNIT PRICING REFLECTING THE 1986 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO SELECTED COMPARABLES
DECEMBER 2010**

UNIT CHARACTERISTICS			UNIT DISTRIBUTION											
			FIRST FLOOR		SECOND FLOOR		THIRD FLOOR		FOURTH FLOOR		FIFTH FLOOR		SIXTH FLOOR	
			OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW
One Bedrm	810 SF	10		2		2		2		2		2		
Two Bedrm	1,110 SF	46	1	1	4	6	4	6	4	6	6	4	4	
Two Bedrm	1,295 SF	6			2		2		2					
Three Bedrm	1,802 SF	4											4	
Three Bedrm	1,908 SF	4								4				
Three Bedrm	2,014 SF	4							4					
Three Bedrm	2,120 SF	8			4		4							
Three Bedrm	2,128 SF	2							2					
Three Bedrm	2,240 SF	4			2		2							
TOTAL/AVG	1,364 SF	88	1	3	12	8	12	8	12	8	10	6	8	0

UNIT CHARACTERISTICS			UNIT PRICING											
			FIRST FLOOR		SECOND FLOOR		THIRD FLOOR		FOURTH FLOOR		FIFTH FLOOR		SIXTH FLOOR	
			OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW	OCEAN VIEW	NON VIEW
One Bedrm	810 SF	\$805,600		\$760,000		\$782,800		\$805,600		\$828,400		\$851,200		
Two Bedrm	1,110 SF	\$1,104,030	\$1,124,400	\$937,000	\$1,152,510	\$965,110	\$1,180,620	\$993,220	\$1,208,730	\$1,021,330	\$1,236,840	\$1,049,440	\$1,264,950	
Two Bedrm	1,295 SF	\$1,317,960			\$1,286,580		\$1,317,960		\$1,349,340					
Three Bedrm	1,802 SF	\$1,817,100											\$1,817,100	
Three Bedrm	1,908 SF	\$1,859,880								\$1,859,880				
Three Bedrm	2,014 SF	\$1,898,880							\$1,898,880					
Three Bedrm	2,120 SF	\$1,909,830			\$1,886,820		\$1,932,840							
Three Bedrm	2,128 SF	\$1,984,020							\$1,984,020					
Three Bedrm	2,240 SF	\$1,998,225			\$1,974,150		\$2,022,300							
TOTAL/AVG	1,364 SF	\$1,321,500												

¹ Represents a weighted average price depending on unit distribution and pricing per unit.
Note: Reflects base unit prices from Exhibit I-3B. Price premiums as follows: floor premiums, 3%; and ocean view premiums, 20%.

SOURCE: RCLCO

Exhibit I-3A

**BASE UNIT PRICING REFLECTING THE 2010 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO SELECTED COMPARABLES
DECEMBER 2010**

UNIT PLAN	UNIT SIZE (SF)	SAILHOUSE LOFTS		SEA COLONY		OCEAN AIRE		101 OCEAN AVENUE	
		PRICE	\$/SF	PRICE	\$/SF	PRICE	\$/SF	PRICE	\$/SF
One Bedrm	740 SF	\$609,000	\$823	\$573,000	\$774	\$880,000	\$1,189	\$593,000	\$801
One Bedrm	801 SF	\$641,000	\$800	\$605,000	\$755	\$926,000	\$1,156	\$626,000	\$782
One Bedrm	847 SF	\$665,000	\$785	\$629,000	\$743	\$960,000	\$1,133	\$652,000	\$770
One Bedrm	897 SF	\$690,000	\$769	\$655,000	\$730	\$998,000	\$1,113	\$679,000	\$757
Two Bedrm	1,050 SF	\$770,000	\$733	\$735,000	\$700	\$1,113,000	\$1,060	\$762,000	\$726
Two Bedrm	1,110 SF	\$801,000	\$722	\$766,000	\$690	\$1,158,000	\$1,043	\$795,000	\$716
Two Bedrm	1,226 SF	\$861,000	\$702	\$826,000	\$674	\$1,245,000	\$1,015	\$858,000	\$700
Three Bedrm	1,866 SF	\$1,193,000	\$639	\$1,160,000	\$622	\$1,725,000	\$924	\$1,207,000	\$647
Three Bedrm	1,932 SF	\$1,227,000	\$635	\$1,194,000	\$618	\$1,774,000	\$918	\$1,243,000	\$643
Three Bedrm	2,120 SF	\$1,324,000	\$625	\$1,292,000	\$609	\$1,915,000	\$903	\$1,345,000	\$634
Three Bedrm	2,200 SF	\$1,366,000	\$621	\$1,333,000	\$606	\$1,975,000	\$898	\$1,389,000	\$631
WEIGHT		20%		15%		15%		15%	

UNIT PLAN	UNIT SIZE (SF)	NINE FIFTY ONE OCEAN		THE PACIFICAN		BASE PRICE	
		PRICE	\$/SF	PRICE	\$/SF	PRICE	\$/SF
One Bedrm	740 SF	\$935,000	\$1,264	\$676,000	\$914	\$717,000	\$969
One Bedrm	801 SF	\$972,000	\$1,213	\$713,000	\$890	\$753,000	\$940
One Bedrm	847 SF	\$1,000,000	\$1,181	\$741,000	\$875	\$780,000	\$921
One Bedrm	897 SF	\$1,031,000	\$1,149	\$771,000	\$860	\$810,000	\$903
Two Bedrm	1,050 SF	\$1,125,000	\$1,071	\$863,000	\$822	\$900,000	\$857
Two Bedrm	1,110 SF	\$1,162,000	\$1,047	\$899,000	\$810	\$935,000	\$842
Two Bedrm	1,226 SF	\$1,233,000	\$1,006	\$969,000	\$790	\$1,004,000	\$819
Three Bedrm	1,866 SF	\$1,626,000	\$871	\$1,355,000	\$726	\$1,381,000	\$740
Three Bedrm	1,932 SF	\$1,666,000	\$862	\$1,395,000	\$722	\$1,420,000	\$735
Three Bedrm	2,120 SF	\$1,782,000	\$841	\$1,509,000	\$712	\$1,530,000	\$722
Three Bedrm	2,200 SF	\$1,831,000	\$832	\$1,581,000	\$706	\$1,581,000	\$719
WEIGHT		20%		15%		100%	

NOTE: Supporting documentation as follows:

- Sailhouse Lofts, from Exhibit I-4A
- Sea Colony, from Exhibit I-5A
- Ocean Aire, from Exhibit I-6A
- 101 Ocean Avenue, from Exhibit I-7A
- 951 Ocean, from Exhibit I-8A
- The Pacifican, from Exhibit I-9A

SOURCE: RCLCO

Exhibit I-3B

**BASE UNIT PRICING REFLECTING THE 1986 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO SELECTED COMPARABLES
DECEMBER 2010**

UNIT PLAN	UNIT SIZE (SF)	SAILHOUSE LOFTS		SEA COLONY		101 OCEAN AVENUE		OCEAN AIRE	
		PRICE	\$/SF	PRICE	\$/SF	PRICE	\$/SF	PRICE	\$/SF
One Bedrm	810 SF	\$652,000	\$805	\$610,000	\$753	\$631,000	\$779	\$933,000	\$1,152
Two Bedrm	1,110 SF	\$810,000	\$730	\$766,000	\$690	\$795,000	\$716	\$1,158,000	\$1,043
Two Bedrm	1,295 SF	\$908,000	\$701	\$862,000	\$666	\$896,000	\$692	\$1,296,000	\$1,001
Three Bedrm	1,802 SF	\$1,175,000	\$652	\$1,126,000	\$625	\$1,172,000	\$650	\$1,677,000	\$931
Three Bedrm	1,908 SF	\$1,231,000	\$645	\$1,181,000	\$619	\$1,230,000	\$645	\$1,756,000	\$920
Three Bedrm	2,014 SF	\$1,286,000	\$639	\$1,237,000	\$614	\$1,288,000	\$640	\$1,836,000	\$912
Three Bedrm	2,120 SF	\$1,342,000	\$633	\$1,292,000	\$609	\$1,345,000	\$634	\$1,915,000	\$903
Three Bedrm	2,128 SF	\$1,346,000	\$633	\$1,296,000	\$609	\$1,350,000	\$634	\$1,921,000	\$903
Three Bedrm	2,240 SF	\$1,405,000	\$627	\$1,354,000	\$604	\$1,411,000	\$630	\$2,005,000	\$895
WEIGHT		20%		15%		15%		15%	

UNIT PLAN	UNIT SIZE (SF)	NINE FIFTY ONE OCEAN		THE PACIFICAN		BASE PRICE	
		PRICE	\$/SF	PRICE	\$/SF	PRICE	\$/SF
One Bedrm	810 SF	\$978,000	\$1,207	\$718,000	\$886	\$760,000	\$938
Two Bedrm	1,110 SF	\$1,162,000	\$1,047	\$899,000	\$810	\$937,000	\$844
Two Bedrm	1,295 SF	\$1,275,000	\$985	\$1,011,000	\$781	\$1,046,000	\$808
Three Bedrm	1,802 SF	\$1,586,000	\$880	\$1,317,000	\$731	\$1,346,000	\$747
Three Bedrm	1,908 SF	\$1,651,000	\$865	\$1,381,000	\$724	\$1,409,000	\$738
Three Bedrm	2,014 SF	\$1,717,000	\$853	\$1,445,000	\$717	\$1,472,000	\$731
Three Bedrm	2,120 SF	\$1,782,000	\$841	\$1,509,000	\$712	\$1,534,000	\$724
Three Bedrm	2,128 SF	\$1,786,000	\$839	\$1,513,000	\$711	\$1,538,000	\$723
Three Bedrm	2,240 SF	\$1,855,000	\$828	\$1,581,000	\$706	\$1,605,000	\$717
WEIGHT		20%		15%		100%	

NOTE: Supporting documentation as follows:

- Sailhouse Lofts, from Exhibit I-4B
- Sea Colony, from Exhibit I-5B
- Ocean Aire, from Exhibit I-6B
- 101 Ocean Avenue, from Exhibit I-7B
- 951 Ocean, from Exhibit I-8B
- The Pacifican, from Exhibit I-9B

SOURCE: RCLCO

Exhibit I-4A

**BASE UNIT PRICING REFLECTING THE 2010 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO SAILHOUSE LOFTS
DECEMBER 2010**

LOCATION/ PROJECT	SALE DATE	UNIT	UNIT SIZE (SF)	SALE PRICE	\$/SF	ADJUSTMENTS ¹				ADJ. BASE PRICE	
						LOCATION	FLOOR	VIEW	AGE	PRICE	\$/SF
SAILHOUSE LOFTS 212 Marine Street	6/25/2010	207	1,884	\$1,300,000	\$690	6%	-3%	0%	0%	\$1,339,000	\$711
	3/25/2010	209	1,610	\$910,000	\$565	6%	-3%	0%	0%	\$937,000	\$582
	8/4/2009	203	1,730	\$1,075,000	\$621	6%	-3%	0%	0%	\$1,107,000	\$640
AVERAGE			1,741	\$1,095,000	\$629					\$1,128,000	\$648

ADJUSTMENT FOR UNIT SIZE ²

UNIT SIZE	SIZE DIFF. (SF)	SIZE ADJUSTMENT	ADJUSTED PRICE	\$/SF
740 SF	(1,001)	+ (\$518,915)	\$609,000	\$823
801 SF	(940)	+ (\$487,303)	\$641,000	\$800
847 SF	(894)	+ (\$463,465)	\$665,000	\$785
897 SF	(844)	+ (\$437,553)	\$690,000	\$769
1,050 SF	(691)	+ (\$358,265)	\$770,000	\$733
1,110 SF	(631)	+ (\$327,172)	\$801,000	\$722
1,226 SF	(515)	+ (\$267,058)	\$861,000	\$702
1,866 SF	125	+ \$64,605	\$1,193,000	\$639
1,932 SF	191	+ \$98,808	\$1,227,000	\$635
2,120 SF	379	+ \$196,234	\$1,324,000	\$625
2,200 SF	459	+ \$237,692	\$1,366,000	\$621

¹ Assumptions are as follows: location (subject site premium relative to indicated market comparable); floor (3% reduction per floor to arrive at a first floor unit); view (20% deduction for ocean view); and age (factor given relatively recent development of market comparable).

² Price for various unit sizes reflects the market relationship between the change in the price per square foot and the change in unit size for selected market comparable projects.

SOURCE: RCLCO

Exhibit I-4B

**BASE UNIT PRICING REFLECTING THE 1986 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO SAILHOUSE LOFTS
DECEMBER 2010**

LOCATION/ PROJECT	SALE DATE	UNIT	UNIT SIZE (SF)	SALE PRICE	\$/SF	ADJUSTMENTS ¹				ADJ. BASE PRICE	
						LOCATION	FLOOR	VIEW	AGE	PRICE	\$/SF
SAILHOUSE LOFTS 212 Marine Street	6/25/2010	207	1,800	\$1,300,000	\$722	6%	-3%	0%	0%	\$1,339,000	\$744
	3/25/2010	209	1,610	\$910,000	\$565	6%	-3%	0%	0%	\$937,000	\$582
	8/4/2009	203	1,730	\$1,075,000	\$621	6%	-3%	0%	0%	\$1,107,000	\$640
AVERAGE			1,713	\$1,095,000	\$639					\$1,128,000	\$658

ADJUSTMENT FOR UNIT SIZE ²

UNIT SIZE	SIZE DIFF. (SF)	SIZE ADJUSTMENT	ADJUSTED PRICE	\$/SF
810 SF	(903)	+ (\$475,779)	\$652,000	\$805
1,110 SF	(603)	+ (\$317,771)	\$810,000	\$730
1,295 SF	(418)	+ (\$220,333)	\$908,000	\$701
1,802 SF	89	+ \$46,700	\$1,175,000	\$652
1,908 SF	195	+ \$102,529	\$1,231,000	\$645
2,014 SF	301	+ \$158,359	\$1,286,000	\$639
2,120 SF	407	+ \$214,188	\$1,342,000	\$633
2,128 SF	415	+ \$218,402	\$1,346,000	\$633
2,240 SF	527	+ \$277,391	\$1,405,000	\$627

¹ Assumptions are as follows: location (subject site premium relative to indicated market comparable); floor (3% reduction per floor to arrive at a first floor unit); view (20% deduction for ocean view); and age (factor given relatively recent development of market comparable).

² Price for various unit sizes reflects the market relationship between the change in the price per square foot and the change in unit size for selected market comparable projects.

SOURCE: RCLCO

Exhibit I-5A

**BASE UNIT PRICING REFLECTING THE 2010 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO SEA COLONY
DECEMBER 2010**

LOCATION/ PROJECT	SALE DATE	UNIT	UNIT SIZE (SF)	SALE PRICE	\$/SF	ADJUSTMENTS ¹				ADJ. BASE PRICE	
						LOCATION	FLOOR	VIEW	AGE	PRICE	\$/SF
SEA COLONY I Sea Colony Drive	4/8/2010	28	1,916	\$1,730,000	\$903	4.0%	0%	-20%	7%	\$1,574,000	\$822
	5/22/2010	32	1,855	\$1,825,000	\$984	4.0%	0%	-20%	7%	\$1,661,000	\$895
SEA COLONY II 2910-2960 Neilson Way	10/29/2010	208	1,305	\$785,000	\$602	4.0%	-3%	0%	7%	\$848,000	\$650
	9/22/2010	310	1,420	\$720,000	\$507	4.0%	-6%	0%	7%	\$756,000	\$532
	9/9/2010	505	1,426	\$1,100,000	\$771	4.0%	-12%	-20%	7%	\$869,000	\$609
	3/29/2010	201	1,305	\$785,500	\$602	4.0%	-3%	0%	7%	\$848,000	\$650
	10/30/2009	504	1,565	\$1,100,000	\$703	4.0%	-12%	-20%	7%	\$869,000	\$555
	8/26/2009	103	1,229	\$740,000	\$602	4.0%	0%	0%	7%	\$821,000	\$668
	10/7/2009	409	1,370	\$940,000	\$686	4.0%	-9%	-20%	7%	\$771,000	\$563
	9/26/2009	505	1,513	\$1,025,000	\$677	4.0%	-12%	-20%	7%	\$810,000	\$535
	9/25/2009	209	1,305	\$780,000	\$598	4.0%	-3%	0%	7%	\$842,000	\$645
	6/21/2009	503	1,513	\$1,022,000	\$675	4.0%	-12%	-20%	7%	\$807,000	\$533
SEA COLONY III 140 Ocean Park Blvd	2/13/2009	406	1,305	\$1,087,500	\$833	4.0%	-9%	-20%	7%	\$892,000	\$684
	9/7/2010	527	1,427	\$1,200,000	\$841	4.0%	-12%	-20%	7%	\$948,000	\$664
	2/22/2010	527	1,427	\$1,300,000	\$911	4.0%	-12%	-20%	7%	\$1,027,000	\$720
	7/8/2009	404	1,146	\$960,000	\$838	4.0%	-9%	-20%	7%	\$787,000	\$687
	8/21/2009	621	1,502	\$1,175,001	\$782	4.0%	-15%	-20%	7%	\$893,000	\$595
7/15/2009	526	1,502	\$1,148,000	\$764	4.0%	-12%	-20%	7%	\$907,000	\$604	
AVERAGE			1,446	\$1,079,100	\$746					\$941,000	\$651

ADJUSTMENT FOR UNIT SIZE ²

UNIT SIZE	SIZE DIFF. (SF)	SIZE ADJUSTMENT	ADJUSTED PRICE	\$/SF
740 SF	(706)	+ (\$367,594)	\$573,000	\$774
801 SF	(645)	+ (\$335,841)	\$605,000	\$755
847 SF	(599)	+ (\$311,895)	\$629,000	\$743
897 SF	(549)	+ (\$285,868)	\$655,000	\$730
1,050 SF	(396)	+ (\$206,224)	\$735,000	\$700
1,110 SF	(336)	+ (\$174,991)	\$766,000	\$690
1,226 SF	(220)	+ (\$114,607)	\$826,000	\$674
1,866 SF	420	+ \$218,544	\$1,160,000	\$622
1,932 SF	486	+ \$252,900	\$1,194,000	\$618
2,120 SF	674	+ \$350,763	\$1,292,000	\$609
2,200 SF	754	+ \$392,407	\$1,333,000	\$606

¹ Assumptions are as follows: location (subject site premium relative to indicated market comparable); floor (3% reduction per floor to arrive at a first floor unit); view (20% deduction for ocean view); and age (factor given relatively recent development of market comparable).

² Price for various unit sizes reflects the market relationship between the change in the price per square foot and the change in unit size for selected market comparable projects.

SOURCE: RCLCO

Exhibit I-5B

**BASE UNIT PRICING REFLECTING THE 1986 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO SEA COLONY
DECEMBER 2010**

LOCATION/ PROJECT	SALE DATE	UNIT	UNIT SIZE (SF)	SALE PRICE	\$/SF	ADJUSTMENTS ¹				ADJ. BASE PRICE	
						LOCATION	FLOOR	VIEW	AGE	PRICE	\$/SF
SEA COLONY I Sea Colony Drive	4/8/2010	28	1,916	\$1,730,000	\$903	4.0%	0%	-20%	7%	\$1,574,000	\$822
	5/22/2010	32	1,855	\$1,825,000	\$984	4.0%	0%	-20%	7%	\$1,661,000	\$895
SEA COLONY II 2910-2960 Neilson Way	10/29/2010	208	1,305	\$785,000	\$602	4.0%	-3%	0%	7%	\$848,000	\$650
	9/22/2010	310	1,420	\$720,000	\$507	4.0%	-6%	0%	7%	\$756,000	\$532
	9/9/2010	505	1,426	\$1,100,000	\$771	4.0%	-12%	-20%	7%	\$869,000	\$609
	3/29/2010	201	1,305	\$785,500	\$602	4.0%	-3%	0%	7%	\$848,000	\$650
	10/30/2009	504	1,565	\$1,100,000	\$703	4.0%	-12%	-20%	7%	\$869,000	\$555
	8/26/2009	103	1,229	\$740,000	\$602	4.0%	0%	0%	7%	\$821,000	\$668
	10/7/2009	409	1,370	\$940,000	\$686	4.0%	-9%	-20%	7%	\$771,000	\$563
	9/26/2009	505	1,513	\$1,025,000	\$677	4.0%	-12%	-20%	7%	\$810,000	\$535
	9/25/2009	209	1,305	\$780,000	\$598	4.0%	-3%	0%	7%	\$842,000	\$645
	6/21/2009	503	1,513	\$1,022,000	\$675	4.0%	-12%	-20%	7%	\$807,000	\$533
SEA COLONY III 140 Ocean Park Blvd	2/13/2009	406	1,305	\$1,087,500	\$833	4.0%	-9%	-20%	7%	\$892,000	\$684
	9/7/2010	527	1,427	\$1,200,000	\$841	4.0%	-12%	-20%	7%	\$948,000	\$664
	2/22/2010	527	1,427	\$1,300,000	\$911	4.0%	-12%	-20%	7%	\$1,027,000	\$720
	7/8/2009	404	1,146	\$960,000	\$838	4.0%	-9%	-20%	7%	\$787,000	\$687
	8/21/2009	621	1,502	\$1,175,001	\$782	4.0%	-15%	-20%	7%	\$893,000	\$595
	7/15/2009	526	1,502	\$1,148,000	\$764	4.0%	-12%	-20%	7%	\$907,000	\$604
AVERAGE			1,446	\$1,079,100	\$746					\$941,000	\$651

ADJUSTMENT FOR UNIT SIZE ²

UNIT SIZE	SIZE DIFF. (SF)	SIZE ADJUSTMENT	ADJUSTED PRICE	\$/SF
810 SF	(636)	+ (\$331,156)	\$610,000	\$753
1,110 SF	(336)	+ (\$174,991)	\$766,000	\$690
1,295 SF	(151)	+ (\$78,690)	\$862,000	\$666
1,802 SF	356	+ \$185,229	\$1,126,000	\$625
1,908 SF	462	+ \$240,407	\$1,181,000	\$619
2,014 SF	568	+ \$295,585	\$1,237,000	\$614
2,120 SF	674	+ \$350,763	\$1,292,000	\$609
2,128 SF	682	+ \$354,927	\$1,296,000	\$609
2,240 SF	794	+ \$413,229	\$1,354,000	\$604

¹ Assumptions are as follows: location (subject site premium relative to indicated market comparable); floor (3% reduction per floor to arrive at a first floor unit); view (20% deduction for ocean view); and age (factor given relatively recent development of market comparable).

² Price for various unit sizes reflects the market relationship between the change in the price per square foot and the change in unit size for selected market comparable projects.

SOURCE: RCLCO

Exhibit I-6A

**BASE UNIT PRICING REFLECTING THE 2010 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO OCEAN AIRE
DECEMBER 2010**

LOCATION/ PROJECT	SALE DATE	UNIT	UNIT SIZE (SF)	SALE PRICE	\$/SF	ADJUSTMENTS ¹				ADJ. BASE PRICE	
						LOCATION	FLOOR	VIEW	AGE	PRICE	\$/SF
OCEAN AIRE 535 Ocean Avenue	9/10/2010	2A	1,781	\$1,500,000	\$842	0%	-3%	-20%	7%	\$1,260,000	\$707
	6/21/2010	5A	1,781	\$2,610,000	\$1,465	0%	-12%	-20%	7%	\$1,958,000	\$1,099
	3/26/2010	3A	1,781	\$2,411,000	\$1,354	0%	-6%	-20%	7%	\$1,953,000	\$1,097
	8/20/2009	2B	1,781	\$2,000,000	\$1,123	0%	-3%	-20%	7%	\$1,680,000	\$943
	2/24/2009	3D	1,541	\$1,570,000	\$1,019	0%	-6%	-20%	7%	\$1,272,000	\$825
AVERAGE			1,733	\$2,018,200	\$1,165					\$1,625,000	\$938

ADJUSTMENT FOR UNIT SIZE ²

UNIT SIZE	SIZE DIFF. (SF)	SIZE ADJUSTMENT	ADJUSTED PRICE	\$/SF
740 SF	(993)	+ (\$744,893)	\$880,000	\$1,189
801 SF	(932)	+ (\$699,134)	\$926,000	\$1,156
847 SF	(886)	+ (\$664,628)	\$960,000	\$1,133
897 SF	(836)	+ (\$627,121)	\$998,000	\$1,113
1,050 SF	(683)	+ (\$512,349)	\$1,113,000	\$1,060
1,110 SF	(623)	+ (\$467,340)	\$1,158,000	\$1,043
1,226 SF	(507)	+ (\$380,323)	\$1,245,000	\$1,015
1,866 SF	133	+ \$99,769	\$1,725,000	\$924
1,932 SF	199	+ \$149,279	\$1,774,000	\$918
2,120 SF	387	+ \$290,306	\$1,915,000	\$903
2,200 SF	467	+ \$350,317	\$1,975,000	\$898

¹ Assumptions are as follows: location (subject site premium relative to indicated market comparable); floor (3% reduction per floor to arrive at a first floor unit); view (20% deduction for ocean view); and age (factor given relatively recent development of market comparable).

² Price for various unit sizes reflects the market relationship between the change in the price per square foot and the change in unit size for selected market comparable projects.

SOURCE: RCLCO

Exhibit I-6B

**BASE UNIT PRICING REFLECTING THE 1986 ZONING ORDINANCE, SUBJECT SITE
 BASED ON ADJUSTMENTS TO OCEAN AIRE
 DECEMBER 2010**

LOCATION/ PROJECT	SALE DATE	UNIT	UNIT SIZE (SF)	SALE PRICE	\$/SF	ADJUSTMENTS ¹				ADJ. BASE PRICE	
						LOCATION	FLOOR	VIEW	AGE	PRICE	\$/SF
OCEAN AIRE 535 Ocean Avenue	9/10/2010	2A	1,781	\$1,500,000	\$842	0%	-3%	-20%	7%	\$1,260,000	\$707
	6/21/2010	5A	1,781	\$2,610,000	\$1,465	0%	-12%	-20%	7%	\$1,958,000	\$1,099
	3/26/2010	3A	1,781	\$2,411,000	\$1,354	0%	-6%	-20%	7%	\$1,953,000	\$1,097
	8/20/2009	2B	1,781	\$2,000,000	\$1,123	0%	-3%	-20%	7%	\$1,680,000	\$943
	2/24/2009	3D	1,541	\$1,570,000	\$1,019	0%	-6%	-20%	7%	\$1,272,000	\$825
AVERAGE			1,733	\$2,018,200	\$1,165					\$1,625,000	\$938

ADJUSTMENT FOR UNIT SIZE ²

UNIT SIZE	SIZE DIFF. (SF)	SIZE ADJUSTMENT	ADJUSTED PRICE	\$/SF
810 SF	(923)	+ (\$692,383)	\$933,000	\$1,152
1,110 SF	(623)	+ (\$467,340)	\$1,158,000	\$1,043
1,295 SF	(438)	+ (\$328,563)	\$1,296,000	\$1,001
1,802 SF	69	+ \$51,760	\$1,677,000	\$931
1,908 SF	175	+ \$131,275	\$1,756,000	\$920
2,014 SF	281	+ \$210,791	\$1,836,000	\$912
2,120 SF	387	+ \$290,306	\$1,915,000	\$903
2,128 SF	395	+ \$296,307	\$1,921,000	\$903
2,240 SF	507	+ \$380,323	\$2,005,000	\$895

¹ Assumptions are as follows: location (subject site premium relative to indicated market comparable); floor (3% reduction per floor to arrive at a first floor unit); view (20% deduction for ocean view); and age (factor given relatively recent development of market comparable).

² Price for various unit sizes reflects the market relationship between the change in the price per square foot and the change in unit size for selected market comparable projects.

SOURCE: RCLCO

Exhibit I-7A

**BASE UNIT PRICING REFLECTING THE 2010 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO 101 OCEAN AVENUE
DECEMBER 2010**

LOCATION/ PROJECT	SALE DATE	UNIT	UNIT SIZE (SF)	SALE PRICE	\$/SF	ADJUSTMENTS ¹				ADJ. BASE PRICE	
						LOCATION	FLOOR	VIEW	AGE	PRICE	\$/SF
101 OCEAN AVENUE	9/27/2010	F702	1,385	\$1,561,000	\$1,127	-5%	-18%	-20%	7%	\$999,000	\$721
101 Ocean Avenue	8/6/2009	E301	1,396	\$1,014,000	\$726	-5%	-6%	-20%	7%	\$771,000	\$552
	5/14/2009	D401	1,397	\$1,475,000	\$1,056	-5%	-9%	-20%	7%	\$1,077,000	\$771
AVERAGE			1,393	\$1,350,000	\$969					\$949,000	\$681

ADJUSTMENT FOR UNIT SIZE ²

UNIT SIZE	SIZE DIFF. (SF)	SIZE ADJUSTMENT	ADJUSTED PRICE	\$/SF
740 SF	(653)	+ (\$355,796)	\$593,000	\$801
801 SF	(592)	+ (\$322,542)	\$626,000	\$782
847 SF	(546)	+ (\$297,465)	\$652,000	\$770
897 SF	(496)	+ (\$270,208)	\$679,000	\$757
1,050 SF	(343)	+ (\$186,802)	\$762,000	\$726
1,110 SF	(283)	+ (\$154,093)	\$795,000	\$716
1,226 SF	(167)	+ (\$90,857)	\$858,000	\$700
1,866 SF	473	+ \$258,034	\$1,207,000	\$647
1,932 SF	539	+ \$294,013	\$1,243,000	\$643
2,120 SF	727	+ \$396,499	\$1,345,000	\$634
2,200 SF	807	+ \$440,111	\$1,389,000	\$631

¹ Assumptions are as follows: location (subject site premium relative to indicated market comparable); floor (3% reduction per floor to arrive at a first floor unit); view (20% deduction for ocean view); and age (factor given relatively recent development of market comparable).

² Price for various unit sizes reflects the market relationship between the change in the price per square foot and the change in unit size for selected market comparable projects.

SOURCE: RCLCO

Exhibit I-7B

**BASE UNIT PRICING ANALYSIS BASED ON THE 1986 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO 101 OCEAN AVENUE
DECEMBER 2010**

LOCATION/ PROJECT	SALE DATE	UNIT	UNIT SIZE (SF)	SALE PRICE	\$/SF	ADJUSTMENTS ¹				ADJ. BASE PRICE	
						LOCATION	FLOOR	VIEW	AGE	PRICE	\$/SF
101 OCEAN AVENUE	9/27/2010	F702	1,385	\$1,561,000	\$1,127	-5%	-18%	-20%	7%	\$999,000	\$721
101 Ocean Avenue	8/6/2009	E301	1,396	\$1,014,000	\$726	-5%	-6%	-20%	7%	\$771,000	\$552
	5/14/2009	D401	1,397	\$1,475,000	\$1,056	-5%	-9%	-20%	7%	\$1,077,000	\$771
AVERAGE			1,393	\$1,350,000	\$969					\$949,000	\$681

ADJUSTMENT FOR UNIT SIZE ²

UNIT SIZE	SIZE DIFF. (SF)	SIZE ADJUSTMENT	ADJUSTED PRICE	\$/SF
810 SF	(583)	+ (\$317,636)	\$631,000	\$779
1,110 SF	(283)	+ (\$154,093)	\$795,000	\$716
1,295 SF	(98)	+ (\$53,242)	\$896,000	\$692
1,802 SF	409	+ \$223,144	\$1,172,000	\$650
1,908 SF	515	+ \$280,929	\$1,230,000	\$645
2,014 SF	621	+ \$338,714	\$1,288,000	\$640
2,120 SF	727	+ \$396,499	\$1,345,000	\$634
2,128 SF	735	+ \$400,861	\$1,350,000	\$634
2,240 SF	847	+ \$461,916	\$1,411,000	\$630

¹ Assumptions are as follows: location (subject site premium relative to indicated market comparable); floor (3% reduction per floor to arrive at a first floor unit); view (20% deduction for ocean view); and age (factor given relatively recent development of market comparable).

² Price for various unit sizes reflects the market relationship between the change in the price per square foot and the change in unit size for selected market comparable projects.

SOURCE: RCLCO

Exhibit I-8A

**BASE UNIT PRICING REFLECTING THE 2010 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO NINE FIFTY ONE OCEAN
DECEMBER 2010**

LOCATION/ PROJECT	SALE DATE	UNIT	UNIT SIZE (SF)	SALE PRICE	\$/SF	ADJUSTMENTS ¹				ADJ. BASE PRICE	
						LOCATION	FLOOR	VIEW	AGE	PRICE	\$/SF
NINE FIFTY ONE OCEAN 951 Ocean Avenue	12/21/2009	203	3,140	\$2,930,000	\$933	0%	-3%	-20%	5%	\$2,403,000	\$765
	12/18/2009	303	3,165	\$3,100,000	\$979	0%	-6%	-20%	5%	\$2,449,000	\$774
	8/25/2009	403	3,093	\$3,100,000	\$1,002	0%	-9%	-20%	5%	\$2,356,000	\$762
AVERAGE			3,133	\$3,043,300	\$971					\$2,403,000	\$767

ADJUSTMENT FOR UNIT SIZE ²

UNIT SIZE	SIZE DIFF. (SF)	SIZE ADJUSTMENT	ADJUSTED PRICE	\$/SF
740 SF	(2,393)	+ (\$1,468,290)	\$935,000	\$1,264
801 SF	(2,332)	+ (\$1,430,856)	\$972,000	\$1,213
847 SF	(2,286)	+ (\$1,402,628)	\$1,000,000	\$1,181
897 SF	(2,236)	+ (\$1,371,945)	\$1,031,000	\$1,149
1,050 SF	(2,083)	+ (\$1,278,054)	\$1,125,000	\$1,071
1,110 SF	(2,023)	+ (\$1,241,235)	\$1,162,000	\$1,047
1,226 SF	(1,907)	+ (\$1,170,050)	\$1,233,000	\$1,006
1,866 SF	(1,267)	+ (\$777,306)	\$1,626,000	\$871
1,932 SF	(1,201)	+ (\$736,804)	\$1,666,000	\$862
2,120 SF	(1,013)	+ (\$621,436)	\$1,782,000	\$841
2,200 SF	(933)	+ (\$572,343)	\$1,831,000	\$832

¹ Assumptions are as follows: location (subject site premium relative to indicated market comparable); floor (3% reduction per floor to arrive at a first floor unit); view (20% deduction for ocean view); and age (factor given relatively recent development of market comparable).

² Price for various unit sizes reflects the market relationship between the change in the price per square foot and the change in unit size for selected market comparable projects.

SOURCE: RCLCO

Exhibit I-8B

**BASE UNIT PRICING REFLECTING THE 1986 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO NINE FIFTY ONE OCEAN
DECEMBER 2010**

LOCATION/ PROJECT	SALE DATE	UNIT	UNIT SIZE (SF)	SALE PRICE	\$/SF	ADJUSTMENTS ¹				ADJ. BASE PRICE	
						LOCATION	FLOOR	VIEW	AGE	PRICE	\$/SF
NINE FIFTY ONE OCEAN	12/21/2009	203	3,140	\$2,930,000	\$933	0%	-3%	-20%	5%	\$2,403,000	\$765
951 Ocean Avenue	12/18/2009	303	3,165	\$3,100,000	\$979	0%	-6%	-20%	5%	\$2,449,000	\$774
	8/25/2009	403	3,093	\$3,100,000	\$1,002	0%	-9%	-20%	5%	\$2,356,000	\$762
AVERAGE			3,133	\$3,043,300	\$971					\$2,403,000	\$767

ADJUSTMENT FOR UNIT SIZE ²

UNIT SIZE	SIZE DIFF. (SF)	SIZE ADJUSTMENT	ADJUSTED PRICE	\$/SF
810 SF	(2,323)	+ (\$1,425,333)	\$978,000	\$1,207
1,110 SF	(2,023)	+ (\$1,241,235)	\$1,162,000	\$1,047
1,295 SF	(1,838)	+ (\$1,127,707)	\$1,275,000	\$985
1,802 SF	(1,331)	+ (\$816,580)	\$1,586,000	\$880
1,908 SF	(1,225)	+ (\$751,532)	\$1,651,000	\$865
2,014 SF	(1,119)	+ (\$686,484)	\$1,717,000	\$853
2,120 SF	(1,013)	+ (\$621,436)	\$1,782,000	\$841
2,128 SF	(1,005)	+ (\$616,526)	\$1,786,000	\$839
2,240 SF	(893)	+ (\$547,796)	\$1,855,000	\$828

¹ Assumptions are as follows: location (subject site premium relative to indicated market comparable); floor (3% reduction per floor to arrive at a first floor unit); view (20% deduction for ocean view); and age (factor given relatively recent development of market comparable).

² Price for various unit sizes reflects the market relationship between the change in the price per square foot and the change in unit size for selected market comparable projects.

SOURCE: RCLCO

Exhibit I-9A

**BASE UNIT PRICING REFLECTING THE 2010 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO THE PACIFICAN
DECEMBER 2010**

LOCATION/ PROJECT	SALE DATE	UNIT	UNIT SIZE (SF)	SALE PRICE	\$/SF	ADJUSTMENTS ¹				ADJ. BASE PRICE	
						LOCATION	FLOOR	VIEW	AGE	PRICE	\$/SF
THE PACIFICAN	3/8/2010	306	1,585	\$1,265,000	\$798	0%	-6%	-20%	7%	\$1,025,000	\$647
801 Ocean Avenue	10/15/2009	403	1,491	\$1,620,000	\$1,087	0%	-9%	-20%	7%	\$1,264,000	\$848
	2/9/2009	503	1,491	\$1,540,000	\$1,033	0%	-12%	-20%	7%	\$1,155,000	\$775
AVERAGE			1,522	\$1,475,000	\$969					\$1,148,000	\$754

ADJUSTMENT FOR UNIT SIZE ²

UNIT SIZE	SIZE DIFF. (SF)	SIZE ADJUSTMENT	ADJUSTED PRICE	\$/SF
740 SF	(782)	+ (\$471,970)	\$676,000	\$914
801 SF	(721)	+ (\$435,169)	\$713,000	\$890
847 SF	(675)	+ (\$407,418)	\$741,000	\$875
897 SF	(625)	+ (\$377,254)	\$771,000	\$860
1,050 SF	(472)	+ (\$284,951)	\$863,000	\$822
1,110 SF	(412)	+ (\$248,754)	\$899,000	\$810
1,226 SF	(296)	+ (\$178,773)	\$969,000	\$790
1,866 SF	344	+ \$207,329	\$1,355,000	\$726
1,932 SF	410	+ \$247,146	\$1,395,000	\$722
2,120 SF	598	+ \$360,563	\$1,509,000	\$712
2,200 SF	678	+ \$408,826	\$1,557,000	\$708

¹ Assumptions are as follows: location (subject site premium relative to indicated market comparable); floor (3% reduction per floor to arrive at a first floor unit); view (20% deduction for ocean view); and age (factor given relatively recent development of market comparable).

² Price for various unit sizes reflects the market relationship between the change in the price per square foot and the change in unit size for selected market comparable projects.

SOURCE: RCLCO

Exhibit I-9B

**BASE UNIT PRICING REFLECTING THE 1986 ZONING ORDINANCE, SUBJECT SITE
BASED ON ADJUSTMENTS TO THE PACIFICAN
DECEMBER 2010**

LOCATION/ PROJECT	SALE DATE	UNIT	UNIT SIZE (SF)	SALE PRICE	\$/SF	ADJUSTMENTS ¹				ADJ. BASE PRICE	
						LOCATION	FLOOR	VIEW	AGE	PRICE	\$/SF
THE PACIFICAN 801 Ocean Avenue	3/8/2010	306	1,585	\$1,265,000	\$798	0%	-6%	-20%	7%	\$1,025,000	\$647
	10/15/2009	403	1,491	\$1,620,000	\$1,087	0%	-9%	-20%	7%	\$1,264,000	\$848
	2/9/2009	503	1,491	\$1,540,000	\$1,033	0%	-12%	-20%	7%	\$1,155,000	\$775
AVERAGE			1,522	\$1,475,000	\$969					\$1,148,000	\$754

ADJUSTMENT FOR UNIT SIZE ²

UNIT SIZE	SIZE DIFF. (SF)	SIZE ADJUSTMENT	ADJUSTED PRICE	\$/SF
810 SF	(712)	+ (\$429,740)	\$718,000	\$886
1,110 SF	(412)	+ (\$248,754)	\$899,000	\$810
1,295 SF	(227)	+ (\$137,147)	\$1,011,000	\$781
1,802 SF	280	+ \$168,719	\$1,317,000	\$731
1,908 SF	386	+ \$232,667	\$1,381,000	\$724
2,014 SF	492	+ \$296,615	\$1,445,000	\$717
2,120 SF	598	+ \$360,563	\$1,509,000	\$712
2,128 SF	606	+ \$365,389	\$1,513,000	\$711
2,240 SF	718	+ \$432,957	\$1,581,000	\$706

¹ Assumptions are as follows: location (subject site premium relative to indicated market comparable); floor (3% reduction per floor to arrive at a first floor unit); view (20% deduction for ocean view); and age (factor given relatively recent development of market comparable).

² Price for various unit sizes reflects the market relationship between the change in the price per square foot and the change in unit size for selected market comparable projects.

SOURCE: RCLCO

II. SUBJECT SITE ANALYSIS

Exhibit II-1

LOCATION MAP, MARRIOTT LEMERIGOT BEACH HOTEL
SANTA MONICA, CA
DECEMBER 2010



 SUBJECT SITE

SOURCE: Google; RCLCO

Exhibit II-2

**SUBJECT PROPERTY ASSESSMENT
SANTA MONICA, CA
DECEMBER 2010**

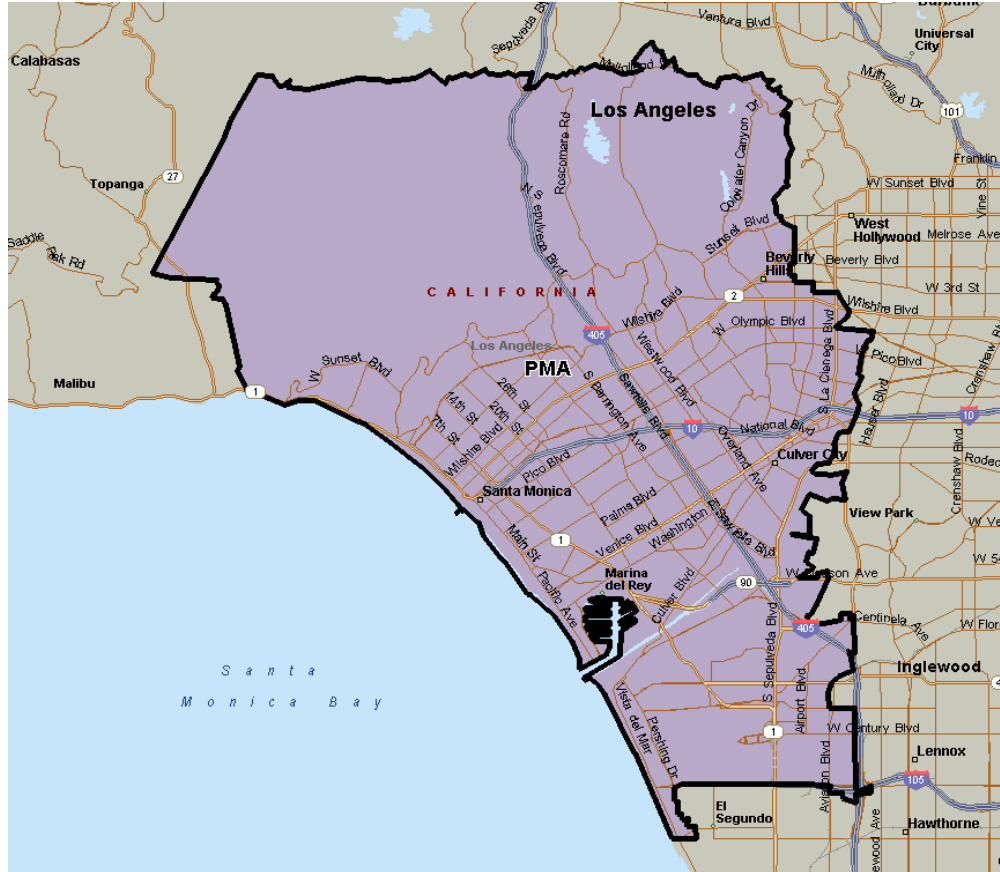
CRITERIA	ASSESSMENT
Access	The proposed project is on Ocean Avenue south of Colorado Avenue and north of Pico Boulevard in Santa Monica, California. The site is situated in the western region of the city of Santa Monica and is within one block of the I-10 and within four miles of the I-405 freeway. Access to the property itself should pose no major problems.
Surrounding Land Uses	The subject property is largely surrounded by a combination of hotel and older multifamily residential. The Santa Monica Pier, the beach and 3rd Street Promenade are located within two blocks of the property. The site is separated from the beach by Appian Way and the mid-rise Sea Castle Apartments. Adjacent to the property is the Shutters Hotel on the south and Loews Hotel on the north.
Proximity to Residential Markets/Prestige	No major new residential projects exist in the surrounding area. The majority of the residential projects near the site appear to be older, multifamily product. However, the subject's neighborhood is bustling with major attractions including the Santa Monica Pier, beach access, 3rd Street Promenade, City Hall, and several nearby popular hotels including the Viceroy, Loews Hotel and Shutters.
Retail Proximity	The site is within a comfortable walking distance to regional/destination-oriented at the 3rd Street Promenade and Santa Monica Place. In addition to 3rd Street Promenade and Santa Monica Place, an abundance of local-serving retail, restaurants, and entertainment can be found along Main Street.
Employment Proximity	The subject site is located within reasonable proximity to a number of employment cores in the area. Employment in Santa Monica, Brentwood, Westwood and Century City are within a short commute from the subject site. Additionally, Downtown Los Angeles and the San Fernando Valley are accessible from the subject site from major freeways such as the Santa Monica (I-10) and San Diego Freeways (I-405).
Conclusions	The hotel site presents an excellent opportunity to develop a new multifamily community in an area that lacks new beach-proximate residential product. Current development activity is taking place in less desirable Ocean proximate areas, such as Venice, Marina Del Rey and Playa Vista to the south. The development should be well-received by potential buyers, both local and out of the area, who seek new upscale condominium development at a unique beach/urban setting.

SOURCE: RCLCO

III. SOCIOECONOMICS

Exhibit III-1

**MAP OF PRIMARY MARKET AREA
WEST LOS ANGELES**



NOTE: The Primary Market Area includes the following areas/zip codes: Bel Air (90077), Beverly Hills (90210, 90211, 90212), Beverlywood (90035), Brentwood (90049), Century City (90067), Cheviot Hills/Rancho Park (90064), Culver City (90034, 90232, 90230), Malibu (90265), Mar Vista (90066), Marina del Rey (90292), Pacific Palisades (90272), Playa del Rey (90293), Playa Vista (90094), Santa Monica (90401, 90402, 90403, 90404, 90405), UCLA/Los Angeles (90045), Venice (90291), Veterans Administration (90073), Westchester (90045), West LA (90025), Westwood (90024)

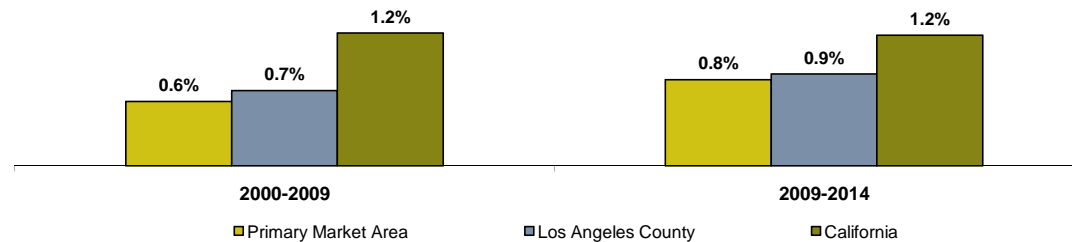
SOURCE: RCLCO; Microsoft MapPoint

Exhibit III-2

**COMPARATIVE SOCIOECONOMIC CHARACTERISTICS
PRIMARY MARKET AREA, LOS ANGELES COUNTY, AND CALIFORNIA
2000 - 2014**

CHARACTERISTIC	PRIMARY MARKET AREA	LOS ANGELES COUNTY	CALIFORNIA
2000 Population	594,798	9,519,338	33,871,648
2009 Population	623,653	10,154,857	37,559,728
2014 Population	649,088	10,654,722	40,145,714
Pop. Growth Rate, 2000-2009	0.7%	0.9%	1.5%
Pop. Growth Rate, 2009-2014	0.8%	1.0%	1.3%
2000 Households	273,304	3,133,774	11,512,020
2009 Households	285,053	3,291,970	12,553,966
2014 Households	296,746	3,436,457	13,342,716
Household Growth Rate, 2000-2009	0.6%	0.7%	1.2%
Household Growth Rate, 2009-2014	0.8%	0.9%	1.2%
2009 Household Size	2.19	3.08	2.99
2009 Per Capita Income	\$50,669	\$25,399	\$28,057
2009 Median Household Income	\$69,201	\$54,204	\$61,034
2009 Average Household Income	\$109,817	\$77,484	\$82,786

Average Household Growth Rates, 2000-2014



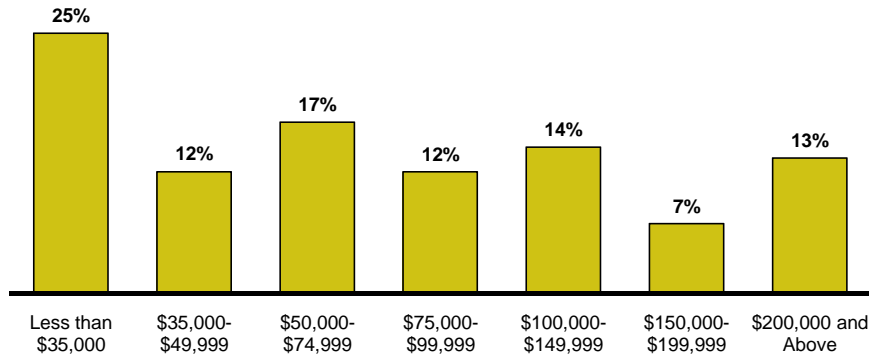
SOURCE: Claritas, Inc.; RCLCO

Exhibit III-3

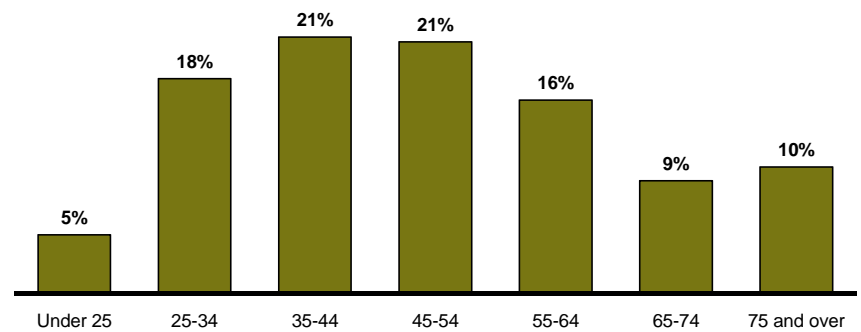
HOUSEHOLDS BY AGE AND INCOME
PRIMARY MARKET AREA
2009

INCOME RANGE	UNDER 25		PROFESSIONALS				EMPTY NESTERS				RETIRES				TOTAL	
	TOTAL	PCT.	25-34		35-44		45-54		55-64		65-74		75 AND OVER		TOTAL	PCT.
			TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.	TOTAL	PCT.		
Less than \$25,000	6,843	50%	7,885	16%	7,124	12%	7,238	12%	6,645	15%	6,051	23%	9,025	30%	50,811	18%
\$25,000 - \$34,999	1,655	12%	4,382	9%	3,853	6%	3,424	6%	2,584	6%	2,437	9%	3,040	10%	21,375	7%
\$35,000 - \$49,999	1,831	13%	7,767	15%	6,795	11%	5,862	10%	4,855	11%	3,042	11%	3,698	12%	33,850	12%
\$50,000 - \$74,999	1,847	13%	10,331	20%	11,052	18%	9,790	17%	6,637	15%	3,688	14%	4,166	14%	47,511	17%
\$75,000 - \$99,999	788	6%	7,065	14%	8,198	14%	7,709	13%	5,069	11%	2,578	10%	2,391	8%	33,798	12%
\$100,000 - \$149,999	519	4%	7,229	14%	9,733	16%	9,594	16%	7,094	16%	3,438	13%	3,037	10%	40,644	14%
\$150,000 - \$199,999	179	1%	2,750	5%	4,784	8%	4,903	8%	3,791	8%	1,667	6%	1,344	5%	19,418	7%
\$200,000 - \$249,999	77	1%	1,281	3%	2,765	5%	3,038	5%	2,172	5%	941	4%	747	3%	11,021	4%
\$250,000 - \$499,999	52	0%	1,157	2%	3,195	5%	3,805	6%	3,521	8%	1,348	5%	1,249	4%	14,327	5%
\$500,000 and above	18	0%	557	1%	2,671	4%	3,702	6%	3,024	7%	1,290	5%	1,036	3%	12,298	4%
TOTAL	13,809	100%	50,404	100%	60,170	100%	59,065	100%	45,392	100%	26,480	100%	29,733	100%	285,053	100%
Percent of Total	5%		18%		21%		21%		16%		9%		10%		100%	

HOUSEHOLDS BY INCOME



HOUSEHOLDS BY AGE



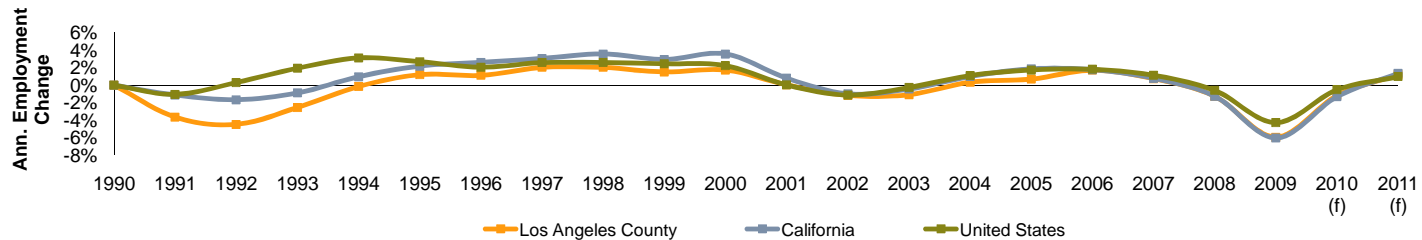
NOTE: The Primary Market Area includes the following areas/zip codes: Bel Air (90077), Beverly Hills (90210, 90211, 90212), Beverlywood (90035), Brentwood (90049), Century City (90067), Cheviot Hills/Rancho Park (90064), Culver City (90034, 90232, 90230), Malibu (90265), Mar Vista (90066), Marina del Rey (90292), Pacific Palisades (90272), Playa del Rey (90293), Playa Vista (90094), Santa Monica (90401, 90402, 90403, 90404, 90405), UCLA/Los Angeles (90045), Venice (90291), Veterans Administration (90073), Westchester (90045), West LA (90025), Westwood (90024)

SOURCE: Claritas, Inc.; RCLCO

Exhibit III-4

**HISTORICAL NON-AGRICULTURAL EMPLOYMENT GROWTH
LOS ANGELES COUNTY, CALIFORNIA, & THE UNITED STATES
1990 - 2011
(in thousands)**

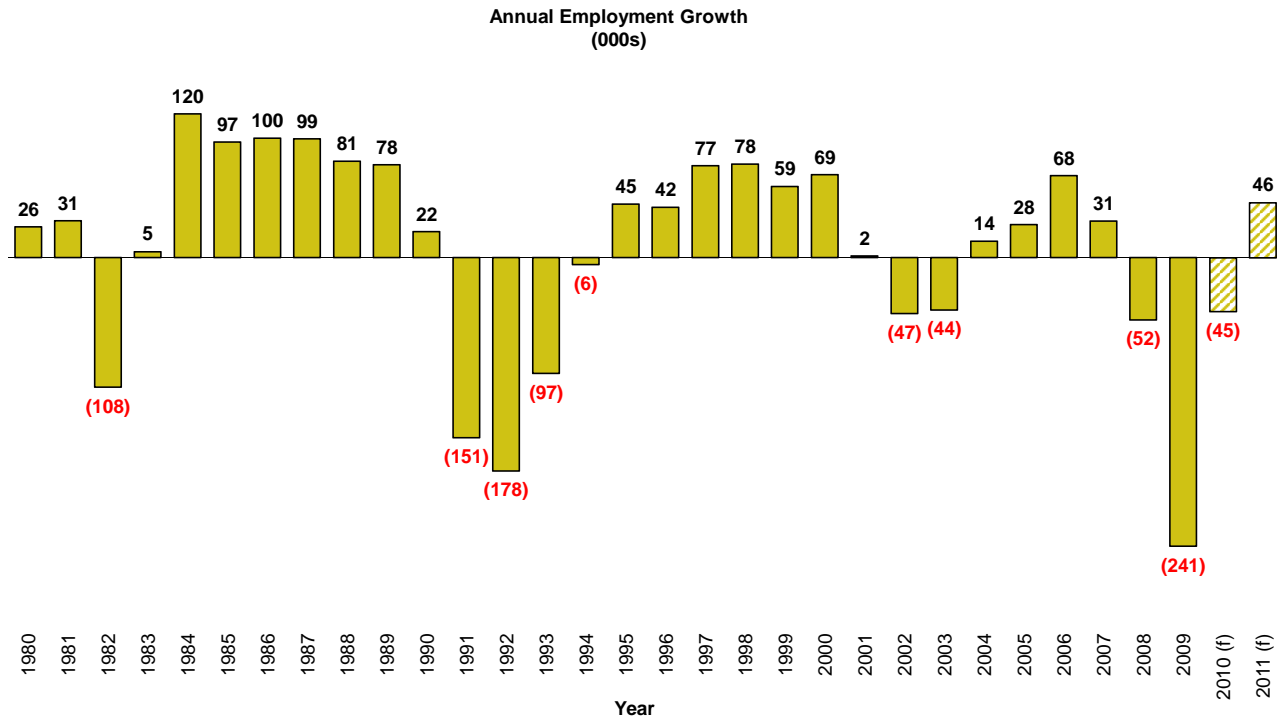
YEAR	LOS ANGELES COUNTY			CALIFORNIA			UNITED STATES		
	TOTAL	ANNUAL CHANGE	PERCENT CHANGE	TOTAL	ANNUAL CHANGE	PERCENT CHANGE	TOTAL	ANNUAL CHANGE	PERCENT CHANGE
1990	4,133	--	--	12,500	--	--	109,404	--	--
1991	3,983	-150.6	-3.6%	12,359	-140.9	-1.1%	108,255	-1,149	-1.1%
1992	3,804	-178.3	-4.5%	12,154	-205.5	-1.7%	108,591	336	0.3%
1993	3,708	-96.7	-2.5%	12,045	-108.2	-0.9%	110,692	2,101	1.9%
1994	3,702	-5.8	-0.2%	12,160	114.2	0.9%	114,135	3,443	3.1%
1995	3,747	44.6	1.2%	12,422	262.7	2.2%	117,188	3,053	2.7%
1996	3,789	42.0	1.1%	12,743	321.2	2.6%	119,597	2,409	2.1%
1997	3,865	76.8	2.0%	13,130	386.3	3.0%	122,677	3,080	2.6%
1998	3,944	78.2	2.0%	13,596	466.4	3.6%	125,845	3,168	2.6%
1999	4,003	59.4	1.5%	13,992	395.8	2.9%	128,916	3,071	2.4%
2000	4,072	69.2	1.7%	14,488	496.3	3.5%	131,785	2,869	2.2%
2001	4,074	1.5	0.0%	14,602	113.8	0.8%	131,826	41	0.0%
2002	4,027	-46.8	-1.1%	14,458	-144.2	-1.0%	130,341	-1,485	-1.1%
2003	3,983	-43.9	-1.1%	14,393	-64.8	-0.4%	129,999	-342	-0.3%
2004	3,997	13.6	0.3%	14,533	140.0	1.0%	131,435	1,436	1.1%
2005	4,024	27.7	0.7%	14,801	268.0	1.8%	133,703	2,268	1.7%
2006	4,093	68.3	1.7%	15,060	259.0	1.7%	136,086	2,383	1.8%
2007	4,123	30.6	0.7%	15,174	114.0	0.8%	137,598	1,512	1.1%
2008	4,071	-52.1	-1.3%	14,981	-193.0	-1.3%	136,790	-808	-0.6%
2009	3,830	-241.0	-5.9%	14,079	-902.0	-6.0%	130,920	-5,870	-4.3%
2010 (f)	3,785	-45.0	-1.2%	13,894	-185.0	-1.3%	130,210	-710	-0.5%
2011 (f)	3,831	46.0	1.2%	14,079	185.0	1.3%	131,477	1,267	1.0%



SOURCE: U.S. Bureau of Labor Statistics; Los Angeles County Economic Development Corporation (LAEDC), "2010 Mid-Year Forecast Report"; Economy.com; RCLCO

Exhibit III-5

**HISTORICAL AND PROJECTED ANNUAL EMPLOYMENT GROWTH
LOS ANGELES COUNTY
1980 - 2011**



SOURCE: Los Angeles County Economic Development Corporation (LAEDC), "2010 Mid-Year Forecast Report"

Exhibit III-6

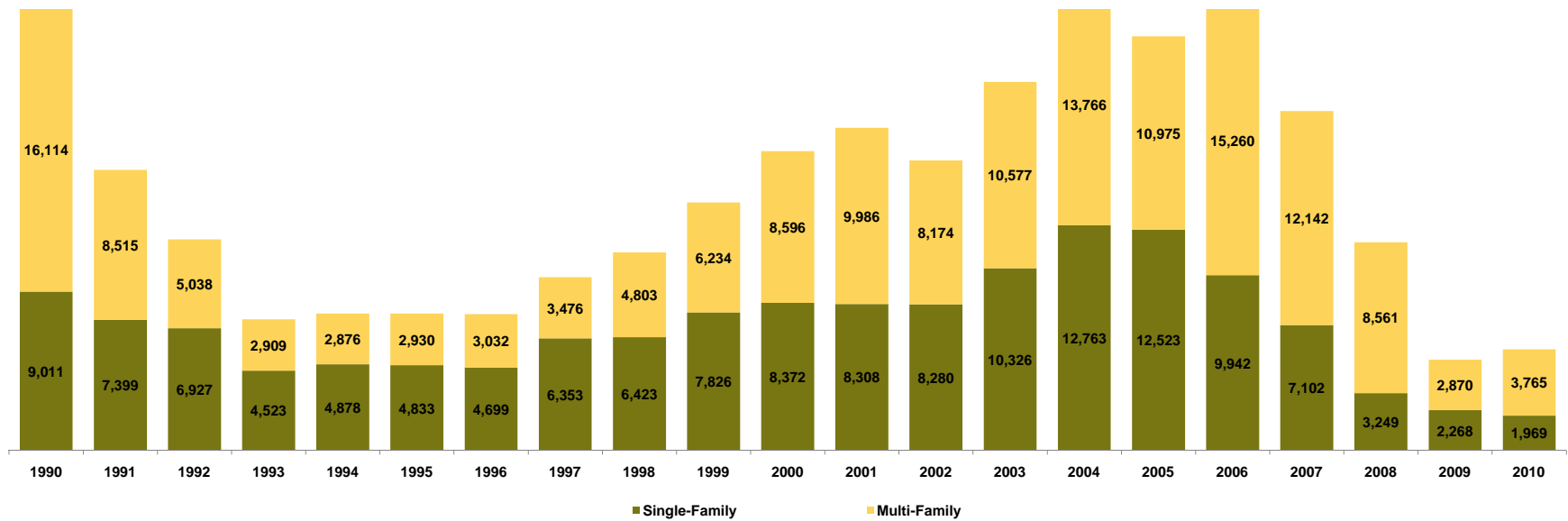
**EMPLOYMENT BY INDUSTRY
LOS ANGELES COUNTY
1990 - 2011
(in thousands)**

YEAR	TOTAL NONFARM EMP.	INDUSTRY SECTOR																
		NAT. RES. & MINING	CONST.	MANUF.	WHL- SLE. TRADE	RETAIL TRADE	TRNSPRT. WHSNG & UTIL.	FIN. & INFO.	R.E. RENT. & LSE.	SCIENCE & TECH. SERV.	MGMT. OF CO'S & ENT.	ADMIN, SPPT & WSTE. SERV.	EDUC. SERV.	HEALTH & SOC. ASST.	LEIS. & HOSP. SERV.	OTHER SERV.	GOVT.	
1990	4,135.7	8.2	141.5	811.6	228.3	405.4	161.0	186.2	198.6	81.7	242.8	81.2	217.9	84.9	299.8	306.6	136.7	539.8
1991	3,982.7	6.8	130.7	750.9	222.3	393.1	160.0	180.8	188.9	77.4	238.2	82.6	193.3	74.8	298.4	308.1	136.7	539.9
1992	3,804.5	6.0	112.4	696.2	209.4	357.8	153.9	168.4	179.3	71.1	218.6	84.3	191.3	65.7	297.5	302.8	132.5	539.4
1993	3,707.6	5.4	102.5	649.8	201.2	362.8	150.8	169.2	174.1	69.3	212.4	83.2	203.3	61.5	299.1	301.2	130.4	531.4
1994	3,701.9	4.2	109.0	625.7	201.4	357.6	151.1	177.2	167.4	68.2	207.3	83.6	217.8	63.7	302.8	304.4	126.9	533.7
1995	3,746.6	4.1	113.1	626.2	203.8	360.7	154.2	190.4	159.8	68.9	208.2	85.5	225.3	67.8	303.3	308.9	130.9	535.7
1996	3,788.5	3.9	108.4	630.3	205.4	364.3	155.7	201.1	154.3	68.7	206.8	87.5	238.9	71.6	311.9	316.5	130.2	533.0
1997	3,865.0	3.5	110.6	638.3	213.3	370.3	160.8	214.6	144.0	71.0	215.7	90.1	252.5	72.4	313.9	326.9	130.9	536.3
1998	3,943.5	3.5	119.1	642.9	215.8	374.4	167.8	214.6	144.7	73.7	226.5	96.2	262.4	76.8	317.8	331.6	134.9	541.0
1999	4,002.9	3.4	126.9	624.3	217.6	380.7	172.2	236.2	146.1	74.8	222.6	95.6	266.8	80.2	321.6	335.8	136.5	561.6
2000	4,072.1	3.4	131.7	611.3	219.1	391.3	174.4	243.7	150.8	73.8	227.7	85.6	274.6	86.2	330.7	377.7	140.0	581.3
2001	4,073.6	3.8	136.8	577.9	219.4	394.8	175.6	226.3	156.2	72.7	233.6	84.4	270.0	88.6	343.6	348.5	143.2	598.3
2002	4,026.8	3.7	134.5	534.8	217.3	398.2	167.2	207.3	159.8	72.8	231.6	82.5	261.0	93.0	357.4	354.2	145.6	606.1
2003	3,982.9	3.8	134.6	500.0	214.1	399.3	161.5	202.3	165.0	74.8	233.5	77.4	249.1	94.8	365.6	362.6	145.5	599.3
2004	3,996.5	3.8	140.2	483.6	215.1	405.4	161.1	211.9	165.0	76.7	237.7	71.2	253.6	95.4	371.6	372.8	144.7	587.1
2005	4,024.2	3.7	148.7	471.7	219.3	414.4	161.7	207.6	166.2	77.8	250.9	67.6	257.7	97.4	373.9	377.8	144.3	583.7
2006	4,092.5	4.0	157.5	461.7	225.7	423.3	165.2	205.6	169.0	79.8	264.0	63.0	271.9	99.4	379.3	388.6	145.2	589.4
2007	4,122.1	4.4	157.6	449.7	227.0	426.0	165.6	209.8	165.8	80.3	273.9	58.8	272.7	102.9	387.5	397.9	147.1	595.7
2008	4,070.7	4.4	145.2	434.4	223.7	416.5	163.1	210.3	156.3	79.4	269.6	56.7	256.4	105.1	398.3	401.6	146.1	603.7
2009	3,829.4	4.1	116.5	389.1	204.1	386.6	151.7	193.7	145.9	74.3	250.3	52.4	225.4	111.5	402.4	383.9	137.9	599.5
2010 (f)	3,784.5	4.0	102.0	370.0	197.0	382.0	148.0	215.0	143.0	73.0	245.0	47.0	226.0	114.0	404.0	387.5	135.0	592.0
2011 (f)	3,831.3	4.0	110.0	367.0	203.0	386.0	151.0	219.0	141.0	74.0	252.0	46.0	233.0	117.0	412.0	393.3	138.0	585.0

SOURCE: Los Angeles County Economic Development Corporation (LAEDC), "2010 Mid-Year Forecast Report"

Exhibit III-7A

**HISTORICAL SINGLE-FAMILY AND MULTIFAMILY PERMITS
LOS ANGELES COUNTY
1990 - 2009**



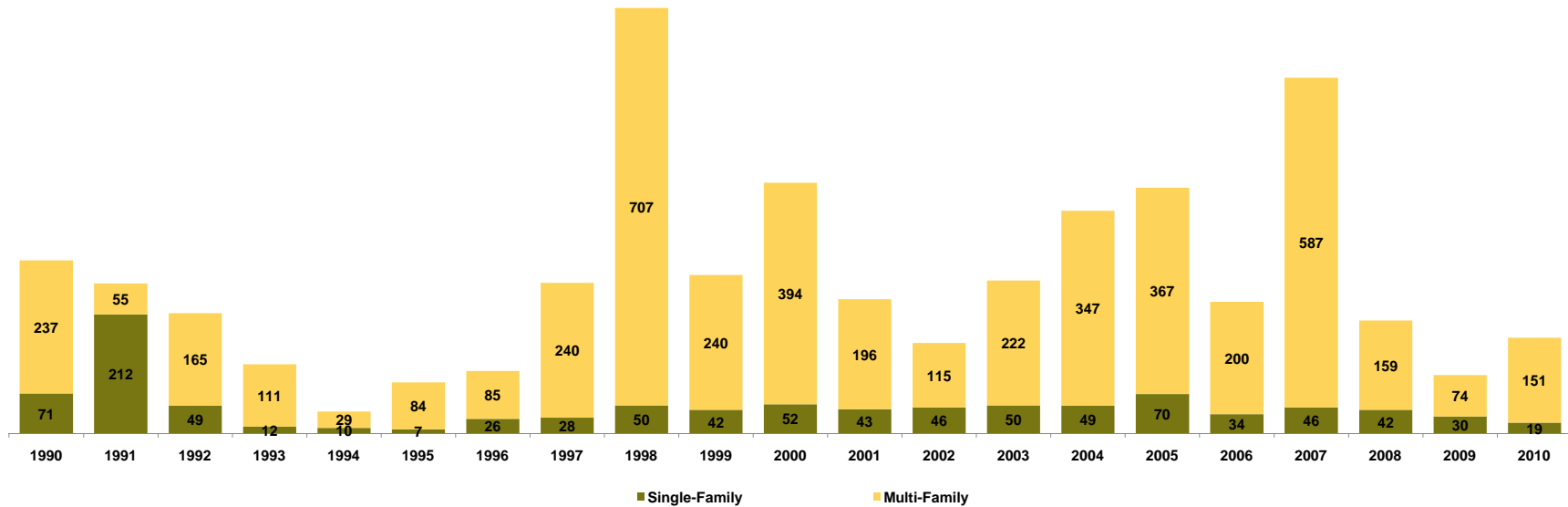
LAND USE	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 ¹
RESIDENTIAL-BUILDING PERMITS																					
Single-Family	9,011	7,399	6,927	4,523	4,878	4,833	4,699	6,353	6,423	7,826	8,372	8,308	8,280	10,326	12,763	12,523	9,942	7,102	3,249	2,268	1,969
Multi-Family	16,114	8,515	5,038	2,909	2,876	2,930	3,032	3,476	4,803	6,234	8,596	9,986	8,174	10,577	13,766	10,975	15,260	12,142	8,561	2,870	3,765
TOTAL	25,125	15,914	11,965	7,432	7,754	7,763	7,731	9,829	11,226	14,060	16,968	18,294	16,454	20,903	26,529	23,498	25,202	19,244	11,810	5,138	5,734
Annual Change	--	-9,211	-3,949	-4,533	322	9	-32	2,098	1,397	2,834	2,908	1,326	-1,840	4,449	5,626	-3,031	1,704	-5,958	-7,434	-6,672	596
MF as % of Total	64%	54%	42%	39%	37%	38%	39%	35%	43%	44%	51%	55%	50%	51%	52%	47%	61%	63%	72%	56%	66%

¹ 2010 data is preliminary and does not include November and December.

SOURCE: U.S. Department of Housing and Urban Development; RCLCO

Exhibit III-7B

HISTORICAL SINGLE-FAMILY AND MULTIFAMILY PERMITS
SANTA MONICA, CA
1990 - 2009



LAND USE	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 ¹
RESIDENTIAL-BUILDING PERMITS																					
Single-Family	71	212	49	12	10	7	26	28	50	42	52	43	46	50	49	70	34	46	42	30	19
Multi-Family	237	55	165	111	29	84	85	240	707	240	394	196	115	222	347	367	200	587	159	74	151
TOTAL	308	267	214	123	39	91	111	268	757	282	446	239	161	272	396	437	234	633	201	104	170
Annual Change	--	-41	-53	-91	-84	52	20	157	489	-475	164	-207	-78	111	124	41	-203	399	-432	-97	66
MF as % of Total	77%	21%	77%	90%	74%	92%	77%	90%	93%	85%	88%	82%	71%	82%	88%	84%	85%	93%	79%	71%	89%

¹ 2010 data is preliminary and does not include November and December.

SOURCE: U.S. Department of Housing and Urban Development; RCLCO

Exhibit III-8

ANNUAL CONDOMINIUM DEMAND POTENTIAL
PRIMARY MARKET AREA
2009 - 2014

TARGET MARKET GROUPS ¹	PRIMARY MARKET AREA	AGE 25-34				AGE 35-44				AGE 45-54				AGE 55-64				AGE 65+				TOTAL
2009 Total Households ²	285,053	50,404				60,170				59,065				45,392				56,213				271,244
2014 Total Households ²	296,746	52,471				62,638				61,487				47,253				58,518				223,849
Average Annual Household Growth 2009-2014 ⁴	2,339	413				494				484				372				461				1,764
HOME PRICE RANGE		\$350K- \$600K	\$600K- \$1.1M	\$1.1M- \$2.3M	+UP	\$350K- \$600K	\$600K- \$1.1M	\$1.1M- \$2.3M	+UP	\$475K- \$740K	\$740K- \$1.3M	\$1.3M- \$2.6M	+UP	\$500K- \$785K	\$785K- \$1.3M	\$1.3M- \$2.8M	+UP	\$725K- \$1.1M	\$1.1M- \$1.9M	\$1.9M- \$4.0M	+UP	TOTAL
QUALIFYING INCOME RANGE		\$100K \$150K	\$150K \$250K	\$250K \$500K	\$500K +UP	\$100K \$150K	\$150K \$250K	\$250K \$500K	\$500K +UP	\$100K \$150K	\$150K \$250K	\$250K \$500K	\$500K +UP	\$100K \$150K	\$150K \$250K	\$250K \$500K	\$500K +UP	\$100K \$150K	\$150K \$250K	\$250K \$500K	\$500K +UP	TOTAL
EXISTING HOUSEHOLDS	285,053	50,404				60,170				59,065				45,392				56,213				271,244
Income Qualified Households³																						
% of Total		15.2%	10.2%	5.7%	0.1%	16.9%	12.0%	8.1%	1.5%	16.4%	11.7%	11.5%	1.4%	15.2%	10.5%	10.6%	2.0%	9.6%	7.4%	6.7%	1.7%	30%
Income Qualified Households		7,669	5,139	2,892	46	10,164	7,203	4,903	924	9,672	6,909	6,817	826	6,884	4,770	4,818	926	4,354	3,381	3,047	771	80,561
Owner Households³																						
% of Income Qualified Households		22%	31%	54%	100%	48%	55%	68%	100%	66%	70%	86%	100%	63%	81%	90%	100%	85%	91%	88%	68%	61%
Income Qualified Owner Households		1,651	1,568	1,572	46	4,924	3,978	3,339	924	6,371	4,831	5,894	826	4,333	3,853	4,342	926	3,718	3,080	2,670	523	49,377
Household Size Qualified³																						
% 1-2 Person Households		47%	71%	54%	0%	41%	40%	43%	21%	48%	55%	44%	37%	74%	54%	71%	52%	80%	79%	92%	78%	93%
% 3-4 Person Households		53%	25%	46%	100%	50%	59%	39%	55%	47%	33%	48%	51%	25%	39%	26%	48%	20%	21%	8%	15%	
Income and HH Size Qualified Owner Households		1,651	1,506	1,572	46	4,480	3,923	2,762	698	6,030	4,268	5,437	726	4,269	3,606	4,237	926	3,718	3,080	2,670	483	46,135
Annualized Potential³																						
% Annual Turnover		17%	4%	12%	10%	6%	8%	7%	3%	5%	3%	7%	3%	7%	6%	4%	8%	1%	1%	1%	1%	6.4%
Annual Income and HH Size Qualified Owner Households		273	62	185	5	289	314	186	21	327	128	377	22	290	218	169	71	37	31	27	5	2,937
ANNUAL HOUSEHOLD GROWTH	2,339	413				494				484				372				461				1,764
Income Qualified Households³																						
% of Total		15.2%	10.2%	5.7%	0.1%	16.9%	12.0%	8.1%	1.5%	16.4%	11.7%	11.5%	1.4%	15.2%	10.5%	10.6%	2.0%	9.6%	7.4%	6.7%	1.7%	37%
Income Qualified Households From Growth		63	42	24	0	83	59	40	8	79	57	56	7	56	39	40	8	36	28	25	6	661
Owner Household Growth³																						
% of Income Qualified Households		22%	31%	54%	100%	48%	55%	68%	100%	66%	70%	86%	100%	63%	81%	90%	100%	85%	91%	88%	68%	61%
Income Qualified Owner Households From Growth		14	13	13	0	40	33	27	8	52	40	48	7	36	32	36	8	30	25	22	4	405
Household Size Qualified³																						
% 1-2 Person Households		47%	71%	54%	0%	41%	40%	43%	21%	48%	55%	44%	37%	74%	54%	71%	52%	80%	79%	92%	78%	93%
% 3-4 Person Households		53%	25%	46%	100%	50%	59%	39%	55%	47%	33%	48%	51%	25%	39%	26%	48%	20%	21%	8%	15%	
Income, HH Size Qualified Owner HHs From Growth		14	12	13	0	37	32	23	6	49	35	45	6	35	30	35	8	30	25	22	4	378
TOTAL ANNUAL QUALIFIED HOUSEHOLDS																						
Annualized Potential from Existing Households		273	62	185	5	289	314	186	21	327	128	377	22	290	218	169	71	37	31	27	5	2,937
1-2 Person Households		127	45	99	0	131	127	97	6	164	80	181	9	217	127	123	37	30	24	25	4	
3-4 Person Households		146	16	86	5	158	187	88	15	163	48	196	13	73	92	46	34	7	7	2	1	
Potential from Annual Household Growth		14	12	13	0	37	32	23	6	49	35	45	6	35	30	35	8	30	25	22	4	378
Total Annual Potential		287	74	198	5	326	346	209	27	376	163	422	28	325	248	204	78	68	56	49	9	3,315
1-2 Person Households		134	54	106	0	148	140	109	7	189	101	202	12	243	144	149	41	54	44	45	7	1,780
3-4 Person Households		153	20	92	5	178	206	99	19	187	62	219	16	82	104	55	38	13	12	4	1	1,536
Propensity to Choose Condominiums⁴																						
1-2 Person Households		80%	80%	25%	25%	80%	80%	25%	25%	80%	80%	25%	25%	80%	80%	25%	25%	80%	25%	25%	25%	53%
3-4 Person Households		60%	60%	15%	10%	60%	60%	15%	10%	60%	60%	15%	10%	60%	60%	15%	10%	60%	15%	15%	10%	
Local Area Condominium Demand		199	55	40	0	225	236	42	4	263	118	83	5	244	178	46	14	51	13	12	2	1,752
1-2 Person Households		107	44	27	0	118	112	27	2	151	81	51	3	194	115	37	10	43	11	11	2	1,079
3-4 Person Households		92	12	14	0	107	123	15	2	112	37	33	2	49	62	8	4	8	2	1	0	673
Secondary Demand⁵		20%	20%	25%	25%	20%	20%	25%	25%	20%	20%	25%	25%	20%	20%	25%	25%	20%	20%	25%	25%	25%
% outside of PMA		50	14	13	0	56	59	14	1	66	30	28	2	61	44	15	5	13	3	4	1	458
Total Condominium Demand, Primary and Secondary Market Areas		249	69	54	1	281	295	56	5	329	148	111	6	305	222	61	19	64	16	16	3	2,210

Exhibit III-8

ANNUAL CONDOMINIUM DEMAND POTENTIAL
PRIMARY MARKET AREA
2009 - 2014

TARGET MARKET GROUPS ¹	PRIMARY MARKET AREA	AGE 25-34				AGE 35-44				AGE 45-54				AGE 55-64				AGE 65+				TOTAL
2009 Total Households ²	285,053	50,404				60,170				59,065				45,392				56,213				271,244
2014 Total Households ²	296,746	52,471				62,638				61,487				47,253				58,518				223,849
Average Annual Household Growth 2009-2014 ²	2,339	413				494				484				372				461				1,764
HOME PRICE RANGE		\$350K- \$600K	\$600K- \$1.1M	\$1.1M- \$2.3M	\$2.3M +UP	\$350K- \$600K	\$600K- \$1.1M	\$1.1M- \$2.3M	\$2.3M +UP	\$475K- \$740K	\$740K- \$1.3M	\$1.3M- \$2.6M	\$2.6M +UP	\$500K- \$785K	\$785K- \$1.3M	\$1.3M- \$2.8M	\$2.8M +UP	\$725K- \$1.1M	\$1.1M- \$1.9M	\$1.9M- \$4.0M	\$4.0M +UP	TOTAL
QUALIFYING INCOME RANGE		\$100K \$150K	\$150K \$250K	\$250K \$500K	\$500K +UP	\$100K \$150K	\$150K \$250K	\$250K \$500K	\$500K +UP	\$100K \$150K	\$150K \$250K	\$250K \$500K	\$500K +UP	\$100K \$150K	\$150K \$250K	\$250K \$500K	\$500K +UP	\$100K \$150K	\$150K \$250K	\$250K \$500K	\$500K +UP	TOTAL
SUBJECT SITE CAPTURE																						
Total Condominium Demand, Primary and Secondary Market Areas																						
		249	69	54	1	281	295	56	5	329	148	111	6	305	222	61	19	64	16	16	3	2,210
% Santa Monica Capture ⁶		40.0%	40.0%	50.0%	50.0%	40.0%	40.0%	50.0%	50.0%	40.0%	40.0%	50.0%	50.0%	40.0%	40.0%	50.0%	50.0%	40.0%	40.0%	50.0%	50.0%	41.4%
Santa Monica Condominium Demand		99	28	27	0	113	118	28	3	132	59	56	3	122	89	30	9	26	6	8	1	915
Conservative Subject Site Capture ⁷		0.0%	10.0%	10.0%	10.0%	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	3%
Subject Site Annual Demand Potential		0	3	3	0	0	12	3	0	13	6	6	0	12	9	3	1	3	1	1	0	76
Total By Age Group		6				15				25				25				5				
Aggressive Subject Site Capture ⁷		0.0%	15.0%	15.0%	15.0%	0.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	5%
Subject Site Annual Demand Potential		0	4	4	0	0	18	4	0	20	9	8	0	18	13	5	1	4	1	1	0	110
Total By Age Group		8				22				37				37				6				

¹ For current owner households, based on 20% downpayment for households 25-44, 30% downpayment for households 45-54, and 35% downpayment for households 55-64, and 60% downpayment for households 65+. Assumes a 30-year fixed mortgage with a 6.5% interest rate, 1.25% per year to property taxes, HOA dues averaging \$300 per month, and a mortgage-to-income ratio of 35%.

² From Claritas, Inc.

³ Per 2000 Census PUMS, applied to 2009 household figures. Where there was insufficient turnover data for specific income categories, % turnover for the age group as a whole was used.

⁴ Reflects condominium sales as a percentage of total resales in the Primary Market Area and Census PUMS data.

⁵ RCLCO estimate of demand from secondary demand from households outside the PMA, second home buyers, renter conversions, excessive turnover, etc.

⁶ Based on condominium resales in Santa Monica as a percentage of condominium resales in the Primary Market Area.


⁷ RCLCO estimates based on relevant competitive supply in Santa Monica. Note that household demand for units below \$600,000 has been excluded from site capture given achievable subject site pricing (refer to Exhibit

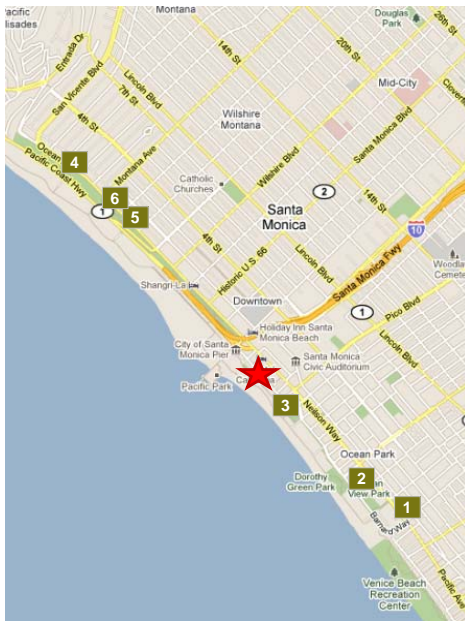
SOURCE: U.S. Census Bureau; Claritas, Inc.; SoCalMLS; RCLCO

IV. COMPETITIVE ENVIRONMENT

Exhibit IV-1

**MAP OF RELEVANT CONDOMINIUM PROJECTS
SANTA MONICA, CA
DECEMBER 2010**

 **SUBJECT SITE**



1 SAILHOUSE LOFTS
Total Units 19
of Floors 4
Year Built 2006



4 OCEAN AIRE
Total Units 48
of Floors 13
Year Built 1963



2 SEA COLONY I, II, III
Total Units --
of Floors 1-6
Year Built 1979-1987



5 NINE FIFTY ONE OCEAN
Total Units 16
of Floors 4
Year Built 1997



3 101 OCEAN AVENUE
Total Units 59
of Floors 8
Year Built 1963



6 THE PACIFICAN
Total Units 32
of Floors 6
Year Built 1977



¹ Refer to Exhibit IV-2 for recent resales (2009 - 2010)

SOURCE: Google; RCLCO

Exhibit IV-2

**SUMMARY OF RESALES FOR RELEVANT CONDOMINIUM PROJECTS
SANTA MONICA, CA
DECEMBER 2010**

MAP KEY	PROJECT NAME/ LOCATION	SALES TYPE	COE DATE ¹	UNIT			SALES PRICE		VALUE RATIO
				LOCATION	TYPE	SIZE (SF)	LISTED	SOLD	
1	SAILHOUSE LOFTS 212 Marine Street	Sold	6/25/2010	207	2B/2b	1,800	\$1,325,000	\$1,300,000	\$722
		Sold	3/25/2010	209	1B/2b	1,610	--	\$910,000	\$565
		Sold	8/4/2009	203	2B/2b	1,730	\$1,079,000	\$1,075,000	\$621
2	SEA COLONY I Sea Colony Drive	Sold	4/8/2010	28	2B/2.5b	1,916	\$1,895,000	\$1,730,000	\$903
		Sold	5/22/2010	32	2B/3b	1,855	\$1,945,000	\$1,825,000	\$984
	SEA COLONY II 2910-2960 Neilson Way	2910 Neilson							
		Sold	10/29/2010	#208	2B/2b	1,305	\$829,950	\$785,000	\$602
		Sold	12/17/2009	#210	2B/2b	1,305	\$749,000	\$775,000	\$594
		2930 Neilson							
		Sold	9/22/2010	#310	2B/2b	1,420	\$769,000	\$720,000	\$507
		Sold	9/9/2010	#505	2B/2b	1,426	\$1,150,000	\$1,100,000	\$771
		Sold	10/30/2009	#504	3B/3b	1,565	\$1,325,000	\$1,100,000	\$703
		2940 Neilson							
		Sold	3/29/2010	#201	2B/2b	1,305	\$820,000	\$785,500	\$602
		Sold	10/16/2009	#204	1B/1.5b	1,081	\$605,000	\$593,000	\$549
		Sold	8/26/2009	#103	2B/2b	1,229	\$799,000	\$740,000	\$602
		2950 Neilson							
		Active	--	#411	2B/2b	1,420	\$875,000	--	\$616
		Sold	10/7/2009	#409	2B/2b	1,370	\$999,900	\$940,000	\$686
		Sold	9/26/2009	#505	2B/2b	1,513	\$1,085,000	\$1,025,000	\$677
		Sold	9/25/2009	#209	2B/2b	1,305	\$799,000	\$780,000	\$598
		Sold	6/21/2009	#503	2B/2b	1,513	\$990,000	\$1,022,000	\$675
		Sold	2/13/2009	#406	2B/2b	1,305	\$1,250,000	\$1,087,500	\$833
	SEA COLONY III Ocean Park Blvd	110 Ocean Park							
		Active	--	#405	1B/2b	1,178	\$1,050,000	--	\$891
		Sold	7/8/2009	#404	1B/1b	1,146	\$1,025,000	\$960,000	\$838
		140 Ocean Park							
		Active	--	#626	2B/2b	1,502	\$2,100,000	--	\$1,398
		Sold	9/7/2010	#527	2B/2b	1,427	\$1,295,000	\$1,200,000	\$841
		Sold	8/21/2009	#621	2B/2b	1,502	\$1,323,000	\$1,300,000	\$866
		Sold	8/9/2010	#525	2B/2b	1,427	\$1,225,000	\$1,175,001	\$823
		Sold	7/15/2009	#526	2B/2b	1,502	\$1,299,000	\$1,148,000	\$764

Exhibit IV-2

**SUMMARY OF RESALES FOR RELEVANT CONDOMINIUM PROJECTS
SANTA MONICA, CA
DECEMBER 2010**

MAP KEY	PROJECT NAME/ LOCATION	SALES TYPE	COE DATE ¹	UNIT			SALES PRICE		VALUE RATIO
				LOCATION	TYPE	SIZE (SF)	LISTED	SOLD	
3	101 OCEAN AVENUE 101 Ocean Avenue	Active	--	B200	2B/3b	2,902	\$2,999,000	--	\$1,033
		Sold	9/27/2010	F702	2B/1.75b	1,385	\$1,695,000	\$1,561,000	\$1,127
		Sold	8/6/2009	E301	2B/2b	1,396	\$1,099,000	\$1,014,000	\$726
		Sold	5/14/2009	D401	2B/2b	1,397	\$1,895,000	\$1,475,000	\$1,056
		Sold	5/6/2009	A200	2B/3b	3,029	\$5,250,000	\$5,100,000	\$1,684
4	OCEAN AIRE 535 Ocean Avenue	Active	--	7D	2B/2b	1,541	\$2,895,000	--	\$1,879
		Pending	--	9C	2B/2b	1,585	\$1,975,000	\$1,749,000	\$1,103
		Sold	11/23/2010	10C	2B/2b	1,585	\$2,095,000	\$1,751,475	\$1,105
		Sold	9/10/2010	2A	3B/2b	1,781	\$1,749,000	\$1,500,000	\$842
		Sold	6/21/2010	5A	2B/2b	1,781	\$2,695,000	\$2,610,000	\$1,465
		Sold	5/10/2010	5D	2B/2b	1,541	\$1,895,000	\$1,650,000	\$1,071
		Sold	3/26/2010	3A	2B/2b	1,781	\$2,395,000	\$2,411,000	\$1,354
		Sold	12/16/2009	7D	2B/2b	1,541	\$2,195,000	\$1,800,000	\$1,168
		Sold	8/20/2009	2B	3B/2b	1,781	\$2,300,000	\$2,000,000	\$1,123
		Sold	7/10/2009	9D	2B/2b	1,541	\$2,495,000	\$2,100,000	\$1,363
Sold	2/24/2009	3D	2B/2b	1,541	\$1,695,000	\$1,570,000	\$1,019		
5	NINE FIFTY ONE OCEAN 951 Ocean Avenue	Sold	12/21/2009	#203	2B/3b	3,140	\$3,098,000	\$2,930,000	\$933
		Sold	12/18/2009	#303	2B/3b	3,165	\$3,195,000	\$3,100,000	\$979
		Sold	8/25/2009	#403	2B/3b	3,093	\$3,595,000	\$3,100,000	\$1,002
6	THE PACIFICAN 801 Ocean Avenue	Sold	3/8/2010	#306	2B/3b	1,585	\$1,325,000	\$1,265,000	\$798
		Sold	1/14/2010	#105	2B/2.5b	1,772	\$949,000	\$944,000	\$533
		Sold	10/15/2009	#403	2B/2b	1,491	\$1,649,000	\$1,620,000	\$1,087
		Sold	10/13/2009	#406	2B/2.5b	1,772	\$1,198,000	\$1,000,000	\$564
		Sold	2/9/2009	#503	3B/2b	1,491	\$1,595,000	\$1,540,000	\$1,033

¹ Close of escrow date.

SOURCE: SoCalMLS; Oceanavenueliving.com; RCLCO

Exhibit IV-3

**PLANNED AND PROPOSED CONDOMINIUM PROJECTS
SANTA MONICA, BEVERLY HILLS AND WEST LOS ANGELES
DECEMBER 2010**

CITY/ PROJECT/ LOCATION	TOTAL UNITS	STATUS	DESCRIPTION
SANTA MONICA			
1803-1807 Sixteenth Street	11	Pending environmental review modification to project	11-unit, Townhouse-style "tuck-under" parking below grade (25 spaces) 15,000 square feet total
1211 Twelfth Street Turtle Sunset Villas LP 1211 Twelfth Street	15	Pending environmental review	Semi-subterranean parking
2002-2018 Twenty-First Street Park Virginia LLC 2002-2018 21st St	19	Pending environmental review	19-unit, Townhouse-style Subterranean garage (42 spaces)
Wilshire West Maxxam Enterprises 2300-2320 Wilshire Blvd	30	Pending environmental review	35,000 square feet of residential 25,000 square feet of retail
1824 Michigan Avenue	12	Pending environmental review	10 market-rate units, 2 affordable units Subterranean parking 20,228 square feet total
301 Ocean Avenue Trammell Crow 301 Ocean Avenue	20	Fully Entitled	15 market-rate units, 5 affordable units Unit sizes for market-rate units from 3,619-6,009 SF
Civic Center Village Related Companies Ocean Avenue & Olympic Drive	325	Fully Entitled DDA extended to 2012	165 units at market rate prices 20,000 square feet of retail

Exhibit IV-3

**PLANNED AND PROPOSED CONDOMINIUM PROJECTS
SANTA MONICA, BEVERLY HILLS AND WEST LOS ANGELES
DECEMBER 2010**

CITY/ PROJECT/ LOCATION	TOTAL UNITS	STATUS	DESCRIPTION
BEVERLY HILLS			
Beverly Hilton Wilshire Boulevard and Santa Monica Boulevard	110	Fully entitled	Voters approved a General Plan amendment in November 2008 allowing up to 110 condominiums, a new 170-room hotel and demolition of 217 rooms from the existing hotel
9900 Wilshire Boulevard Joint Treasure International West of and contiguous to the Beverly Hilton	235	Fully entitled	Sold to Joint Treasure International October 2010 Previously planned: 235 units in two buildings; 16,441 square feet of retail and restaurant space. Joint Treasure intends to follow through with generally the same plan.
450 - 460 North Palm Drive World International	35	Fully entitled	Four-story development, 2035- 3,437 square foot units
WEST LOS ANGELES/CENTURY CITY			
10000 Santa Monica Crescent Heights 10000 Santa Monica Blvd	--	--	2,4-acre parcel, sold to Crescent Heights November 2010 Previously planned: 45-story Jean Nouvel-designed tower
Beverly West 1200 South Club View Drive	35	Fully entitled	21-story building with average unit sizes exceeding 4,100 square feet and a maximum size of 8,228 square feet for a penthouse. Two units per floor except penthouse levels with one-unit per floor The former 1200 Club View project from Fifield Cos. was sold to Dubai developer, Emaar, in September 2007 for \$95.4 million
Constellation Park JMB Realty Corp Avenue of the Stars and Constellation Boulevard	483	Fully entitled; construction halted	Two, 47-story condo towers and a 12-story loft building. Three to four units per floor, with sizes 2,700 to 6,300 square feet
Westfield Century Park East and Santa Monica Boulevard	262	Fully entitled; no development date	39-story tower with 262 apartments and condos. Westfield's plans call for moving Bloomingdale's to the condo tower, adding 1,900 parking spaces and designating a location for a subway stop should the Metro Purple Line be extended to the Pacific Ocean
Century Plaza Hotel Next Century Associates	353	Pending various city approvals	Two, 46-story towers west of the existing hotel. 63 luxury condos in the existing hotel. New towers would 290 condos, 100,000 square feet of office space and 94,000 square feet of retail/restaurant space.

NOTE: Only major projects identified outside Santa Monica

SOURCE: City of Santa Monica Planning Department; RCLCO

Exhibit IV-4A

**SUMMARY OF CONDOMINIUM RESALES BY PRICE RANGE
SANTA MONICA, CA
2010**

PRICE RANGE	COUNT	% OF TOTAL	UNIT SIZE (SF)			RESALE PRICE			AVG. VALUE RATIO
			LOW	- HIGH	AVG.	LOW	- HIGH	AVG.	
\$499,999 and below	68	22%	427	- 1,142	737	\$131,000	- \$499,000	\$387,990	\$526
\$500,000-\$599,999	64	21%	693	- 1,672	1,117	\$500,000	- \$599,625	\$550,509	\$493
\$600,000-\$699,999	31	10%	772	- 1,671	1,326	\$600,000	- \$697,500	\$642,370	\$484
\$700,000-\$799,999	38	12%	896	- 2,023	1,530	\$700,000	- \$799,000	\$747,828	\$489
\$800,000-\$899,999	33	11%	1,150	- 2,348	1,623	\$800,000	- \$885,000	\$838,820	\$517
\$900,000-\$999,999	14	5%	1,146	- 2,372	1,707	\$900,000	- \$995,000	\$941,629	\$552
\$1,000,000 and higher	63	20%	1,077	- 3,165	1,940	\$1,001,000	- \$3,100,000	\$1,419,291	\$732
AVERAGE	311	100%	427	- 3,165	1,352	\$131,000	- \$3,100,000	\$772,431	\$571

NOTE: Data reflects sales and those with close of escrow dates 1/1/2010 to 12/10/2010

SOURCE: SoCalMLS; Oceanavenueliving.com; RCLCO

Exhibit IV-4B

**SUMMARY OF CONDOMINIUM SALES BY SIZE RANGE
SANTA MONICA, CA
2010**

SIZE RANGE (SF)	COUNT	PCT.	UNIT SIZE (SF)			RESALE PRICE			AVG. VALUE RATIO
			LOW	HIGH	AVG.	LOW	HIGH	AVG.	
Less than 1,000	85	27%	427	- 998	750	\$179,900	- \$755,000	\$433,575	\$578
1,000-1,249	39	13%	1,000	- 1,216	1,093	\$131,000	- \$1,023,000	\$567,782	\$519
1,250-1,399	29	9%	1,257	- 1,399	1,323	\$529,000	- \$1,561,000	\$688,842	\$521
1,400-1,499	45	14%	1,400	- 1,495	1,455	\$501,000	- \$1,223,000	\$762,280	\$524
More than 1,500	113	36%	1,500	- 3,165	1,859	\$565,000	- \$3,100,000	\$1,123,449	\$604
AVERAGE	311	100%	427	- 3,165	1,351	\$131,000	- \$3,100,000	\$772,431	\$572
SLOPE	\$656/SF								

NOTE: Data reflects sales and those with close of escrow dates 1/1/2010 to 12/10/2010

SOURCE: SoCalMLS; Oceanavenueliving.com; RCLCO

Exhibit IV-4C

**SUMMARY OF CONDOMINIUM SALES BY VALUE RATIO RANGE
SANTA MONICA, CA
2010**

VALUE RATIO RANGE	COUNT	PCT.	UNIT SIZE (SF)			RESALE PRICE			AVG. VALUE RATIO
			LOW	HIGH	AVG.	LOW	HIGH	AVG.	
Greater than \$1000	6	2%	1,385	- 1,781	1,633	\$1,561,000	- \$2,610,000	\$1,955,333	\$1,198
\$800-\$999	20	6%	443	- 3,165	1,428	\$395,000	- \$3,100,000	\$1,260,273	\$882
\$650-\$799	45	14%	427	- 3,009	1,458	\$315,000	- \$2,275,000	\$1,025,607	\$703
\$500-\$649	123	40%	515	- 2,424	1,234	\$295,000	- \$1,455,000	\$690,292	\$559
\$400-\$500	97	31%	627	- 2,481	1,394	\$280,000	- \$1,150,000	\$634,626	\$455
Less than \$400	20	6%	618	- 2,618	1,472	\$131,000	- \$1,001,000	\$533,590	\$363
AVERAGE	311	100%	427	- 3,165	1,352	\$131,000	- \$3,100,000	\$772,431	\$571
SLOPE	\$656/SF								

NOTE: Data reflects sales and those with close of escrow dates 1/1/2010 to 12/10/2010

SOURCE: SoCalMLS; Oceanavenueliving.com; RCLCO

Exhibit IV-5

**PRICE APPRECIATION OF CONDOMINIUMS, ALL REALES
SANTA MONICA, CA
2009-2010**

QUARTER	UNITS SOLD	UNIT SIZE (S.F.)		RESALE PRICE		AVG. VALUE RATIO	
		LOW	HIGH	LOW	HIGH		
1st Quarter 2009	61	573	3,000	1,278	\$156,126 - \$1,799,000	\$694,644	\$544
2nd Quarter 2009	94	588	3,134	1,325	\$270,000 - \$5,100,000	\$795,512	\$600
3rd Quarter 2009	101	517	3,093	1,218	\$277,000 - \$3,100,000	\$716,070	\$588
4th Quarter 2009	106	400	3,165	1,341	\$248,000 - \$3,100,000	\$795,201	\$593
1st Quarter 2010	90	427	2,618	1,265	\$179,900 - \$2,411,000	\$682,587	\$540
2nd Quarter 2010	104	556	2,969	1,398	\$131,000 - \$2,610,000	\$821,562	\$588
3rd Quarter 2010	83	467	2,372	1,314	\$295,000 - \$1,561,000	\$698,735	\$532
4th Quarter 2010	24	570	3,009	1,440	\$300,000 - \$2,275,000	\$839,937	\$583
TOTAL/AVERAGE	484	400	3,165	1,309	\$131,000 - \$3,100,000	\$746,869	\$571

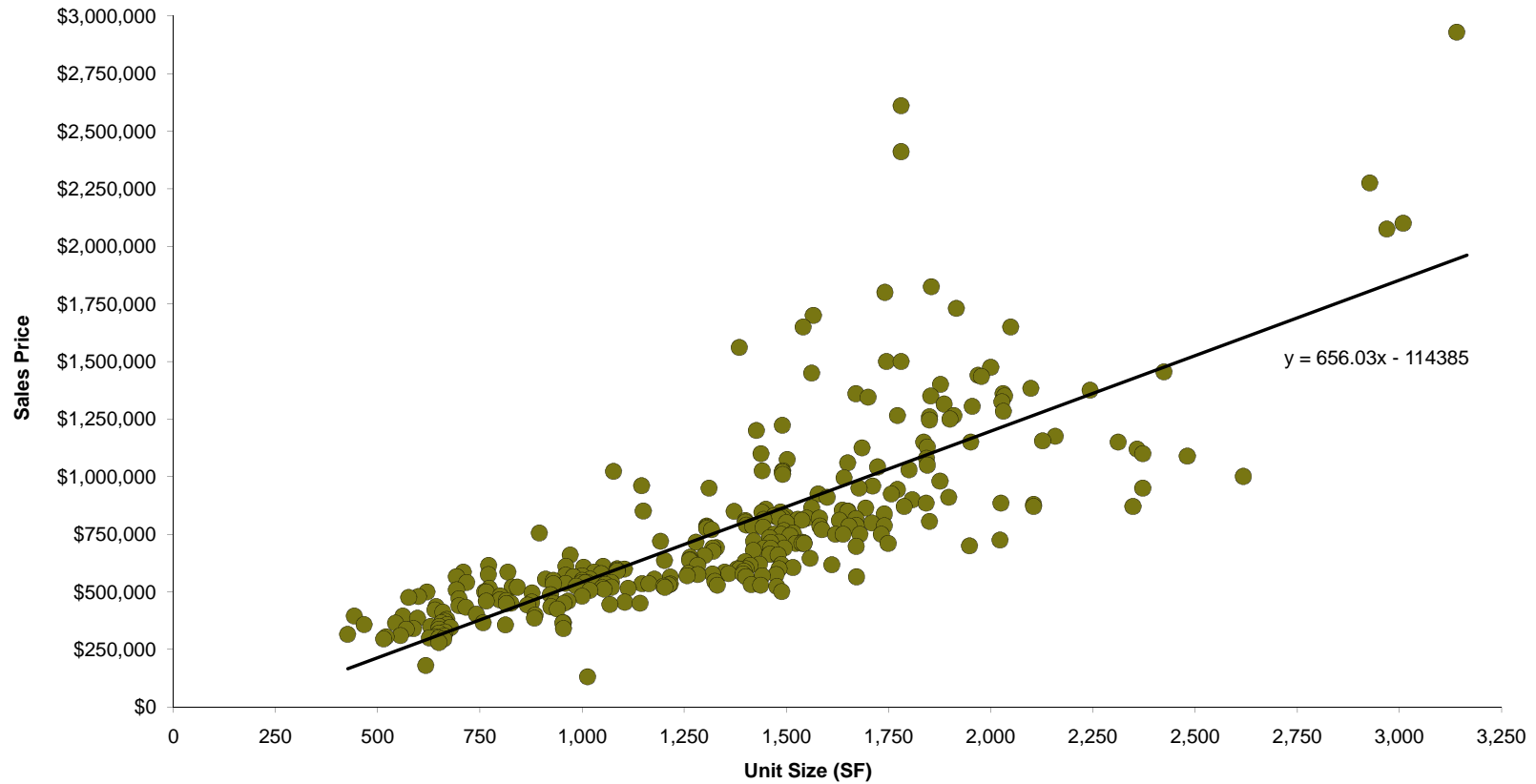
Price appreciation between 1Q 2009 and 2Q 2009	10%
Price appreciation between 2Q 2009 and 3Q 2009	-2%
Price appreciation between 3Q 2009 and 4Q 2009	1%
Price appreciation between 4Q 2009 and 1Q 2010	-9%
Price appreciation between 1Q 2010 and 2Q 2010	9%
Price appreciation between 2Q 2010 and 3Q 2010	-10%
Price appreciation between 3Q 2010 and 4Q 2010	10%

NOTE: 4th Quarter 2010 data is through 12/10/2010

SOURCE: SoCalMLS; RCLCo

Exhibit IV-6A

UNIT SIZE TO PRICE RELATIONSHIP - CONDOMINIUMS
SANTA MONICA, CA
2010

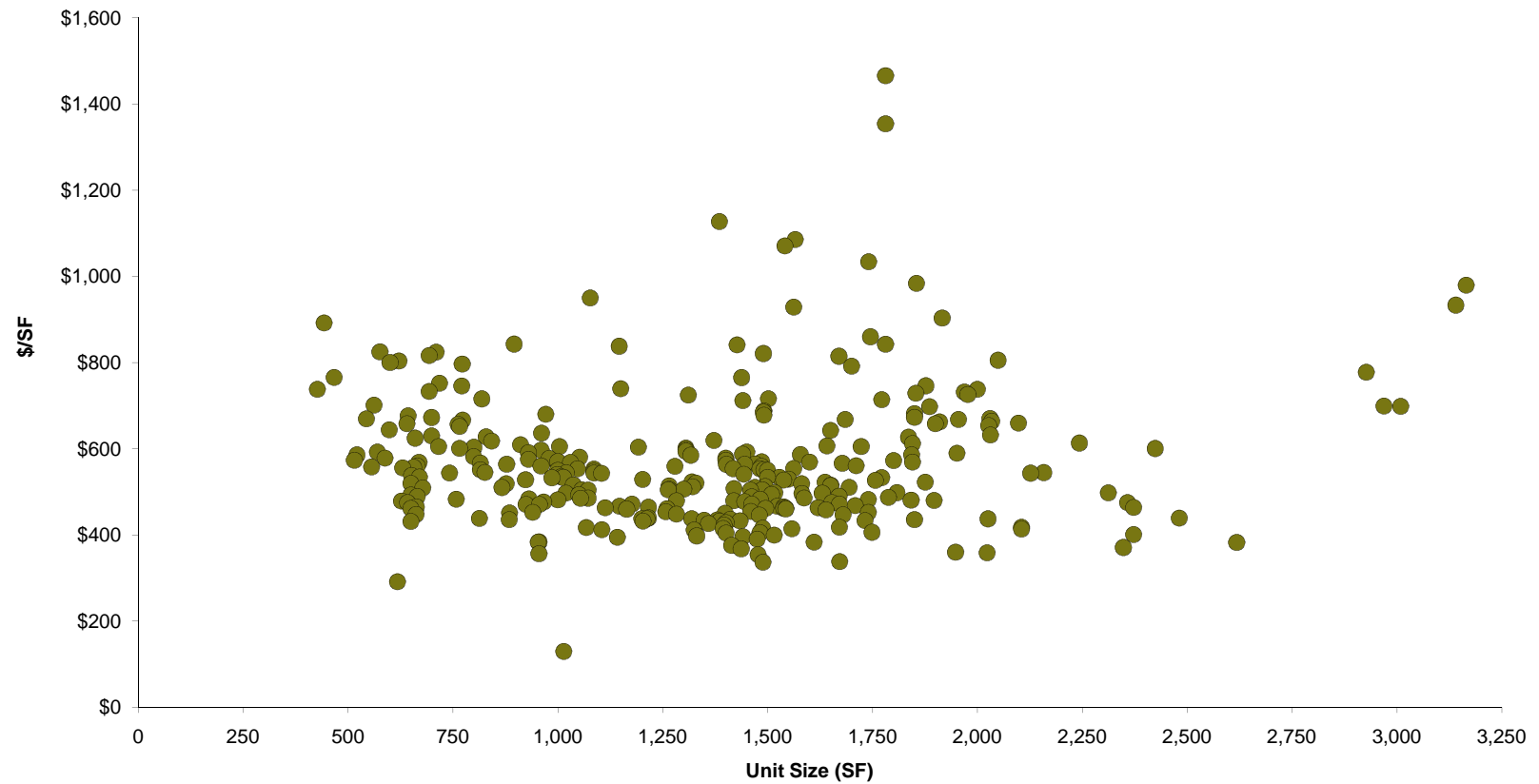


NOTE: The slope of the trend line indicates that the average price rises and falls by approximately \$656 for every square foot of unit space.
Data reflects sales and those with close of escrow dates 1/1/2010 to 12/10/2010

SOURCE: SoCalMLS; Oceanavenueliving.com; RCLCO

Exhibit IV-6B

**UNIT SIZE TO PRICE PER SQUARE FOOT RELATIONSHIP - CONDOMINIUMS
SANTA MONICA, CA
2010**

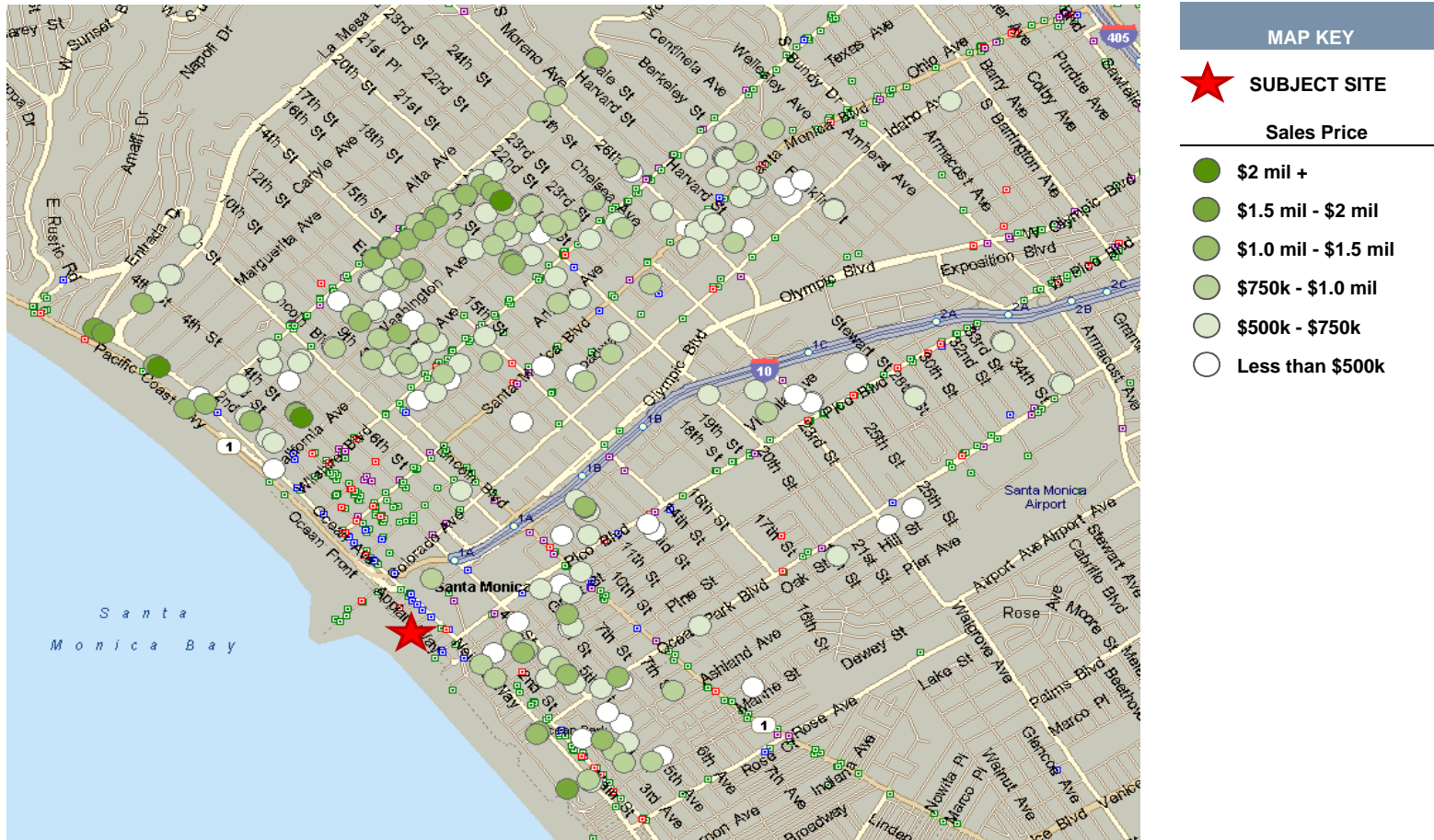


NOTE: Data reflects sales and those with close of escrow dates 1/1/2010 to 12/10/2010

SOURCE: SoCalMLS; Oceanavenueliving.com; RCLCO

Exhibit IV-7A

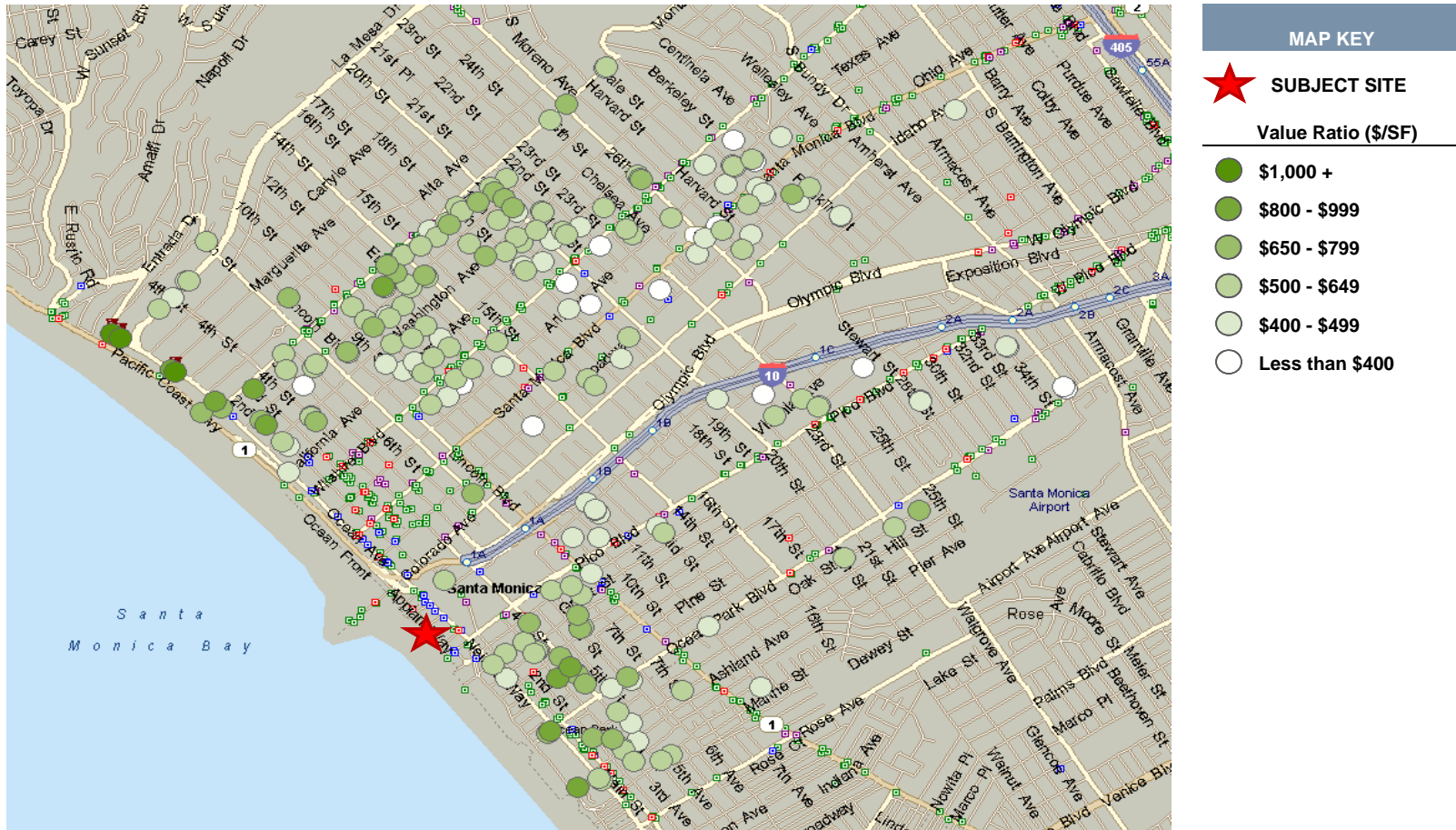
CONDOMINIUM RESALES BY PRICE
SANTA MONICA, CA
DECEMBER 2010



SOURCE: SoCalMLS; Microsoft MapPoint; RCLCO

Exhibit IV-7B

CONDOMINIUM RESALES BY VALUE RATIO
SANTA MONICA, CA
DECEMBER 2010



SOURCE: SoCaMLS; Microsoft MapPoint; RCLCO

Exhibit IV-8

**HISTORICAL CONDOMINIUM UNIT SALES
PRIMARY MARKET AREA AND SANTA MONICA
2000-2010**

SANTA MONICA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD ² 2010
\$500,000 - \$1 Million	76	108	127	220	407	414	336	254	208	235	183
\$1 Million - \$2 Million	6	10	12	28	59	91	114	103	51	60	60
\$2 Million - \$5 Million	2	0	1	0	11	3	8	6	4	8	5
\$5 Million +	0	0	0	1	0	0	0	0	1	1	0
TOTAL SALES	84	118	140	249	477	508	458	363	264	304	248

PRIMARY MARKET AREA ¹	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	YTD ² 2010
\$500,000 - \$1 Million	185	226	338	556	902	966	851	805	564	649	537
\$1 Million - \$2 Million	11	16	19	65	132	219	231	252	143	115	115
\$2 Million - \$5 Million	3	0	1	1	15	9	27	15	12	13	14
\$5 Million +	0	0	0	1	0	0	0	1	1	5	4
TOTAL SALES	199	242	358	623	1,049	1,194	1,109	1,073	720	782	670

¹ The Primary Market Area includes the following areas/zip codes: Bel Air (90077), Beverly Hills (90210, 90211, 90212), Beverlywood (90035), Brentwood (90049), Century City (90067), Cheviot Hills/Rancho Park (90064), Culver City (90034, 90232, 90230), Malibu (90265), Mar Vista (90066), Marina del Rey (90292), Pacific Palisades (90272), Playa del Rey (90293), Playa Vista (90094), Santa Monica (90401, 90402, 90403, 90404, 90405), UCLA/Los Angeles (90045), Venice (90291), Veterans Administration (90073), Westchester (90045), West LA (90025), Westwood (90024)

² Year to Date represents sales with Close of Escrow dates between 1/1/2010 and 12/10/2010

SOURCE: SoCalMLS; RCLCO

**V. SITE PLANS BASED ON THE 2010 ZONING ORDINANCE
(Sheets A.0 TO A.9)**

BASED ON THE 2010 ZONING ORDINANCE (85 UNITS)

PROJECT SUMMARY

EXIST. LOT AREA (RVC ZONE LOT):	= 62,021 SQ. FT.
ALLOWABLE LOT COVERAGE = 70% OF LOT AREA:	= 43,415 SQ. FT.
HEIGHT LIMIT:	= 3 STORIES (45 FEET)
PROPOSED LOT COVERAGE:	TOTAL = 37,724 SQ. FT. < 43,415 SQ. FT.
ALLOWABLE FAR = 2.0	= 124,042 SQ. FT.
PROPOSED BUILDING AREA:	TOTAL = 117,492 SQ. FT. < 124,042 SQ. FT.
EXIST. LOT AREA (R3 ZONE LOT):	= 3,813 SQ. FT.
ALLOWABLE DENSITY:	= 1,250 SQ. FT. PER UNIT 3,813 SQ. FT. (LOT AREA) / 1,250 SQ. FT. PER UNIT = 3 UNITS
CALIFORNIA COASTAL COMMISSION: THE PROPERTY IS IN AN "AREA OF DEFERRED CERTIFICATION" AND IS NOT GOVERNED BY A SPECIFIC SET OF ORDINANCES OTHER THAN THE GENERAL PRINCIPLES STIPULATED IN THE CALIFORNIA COASTAL ACT.	

SHEET INDEX

A.0	COVER SHEET
A.1	FIRST FLOOR PLAN
A.2	SECOND FLOOR PLAN
A.3	THIRD FLOOR PLAN
A.4	FOURTH FLOOR PLAN
A.5	ROOF FLOOR PLAN
A.6	BUILDING SECTION A
A.7	BUILDING SECTION B
A.8	BUILDING SECTION C
A.9	BUILDING SECTION D

BUILDING AREA

	BLDG. "A"	BLDG. "A"
FIRST FLOOR	4,320 S.F.	
SECOND FLOOR	37,724 S.F.	1,931 S.F.
THIRD FLOOR	37,724 S.F.	1,931 S.F.
FOURTH FLOOR	37,724 S.F.	
SUB TOTALS:	117,492 S.F.	3,862 S.F.
GRAND TOTAL:	121,354 S.F.	

UNIT ANALYSIS

	(3) BEDROOM UNIT "A"	(2) BEDROOM UNIT "B"	(3) BEDROOM UNIT "C"	(3) BEDROOM UNIT "D"	(2) BEDROOM UNIT "E"	(1) BEDROOM UNIT "F"	(1) BEDROOM UNIT "G"	(2) BEDROOM UNIT "H"	(3) BEDROOM UNIT "J"	(1) BEDROOM UNIT "K"	(1) BEDROOM UNIT "L"	(2) BEDROOM UNIT "M"	TOTAL UNITS
FIRST FLOOR		2											4
SECOND FLOOR		13	4	1	2	1	2		1	1	1	2	28
THIRD FLOOR	1	13	4	1	1		2		1	1	1	2	27
FOURTH FLOOR		13	4	1	1		2		1	1	1	2	26
TOTALS	1	41	12	3	4	1	6		3	3	3	8	85

UNIT SUMMARY

	BLDG. "A"	BLDG. "B"	TOTAL	% OF TOTAL
ONE BEDROOM	(12)	(1)		14%
TWO BEDROOM	(52)	(2)		65%
THREE BEDROOM	(18)	(1)		21%
TOTAL	(82)	(3)	(85)	100%

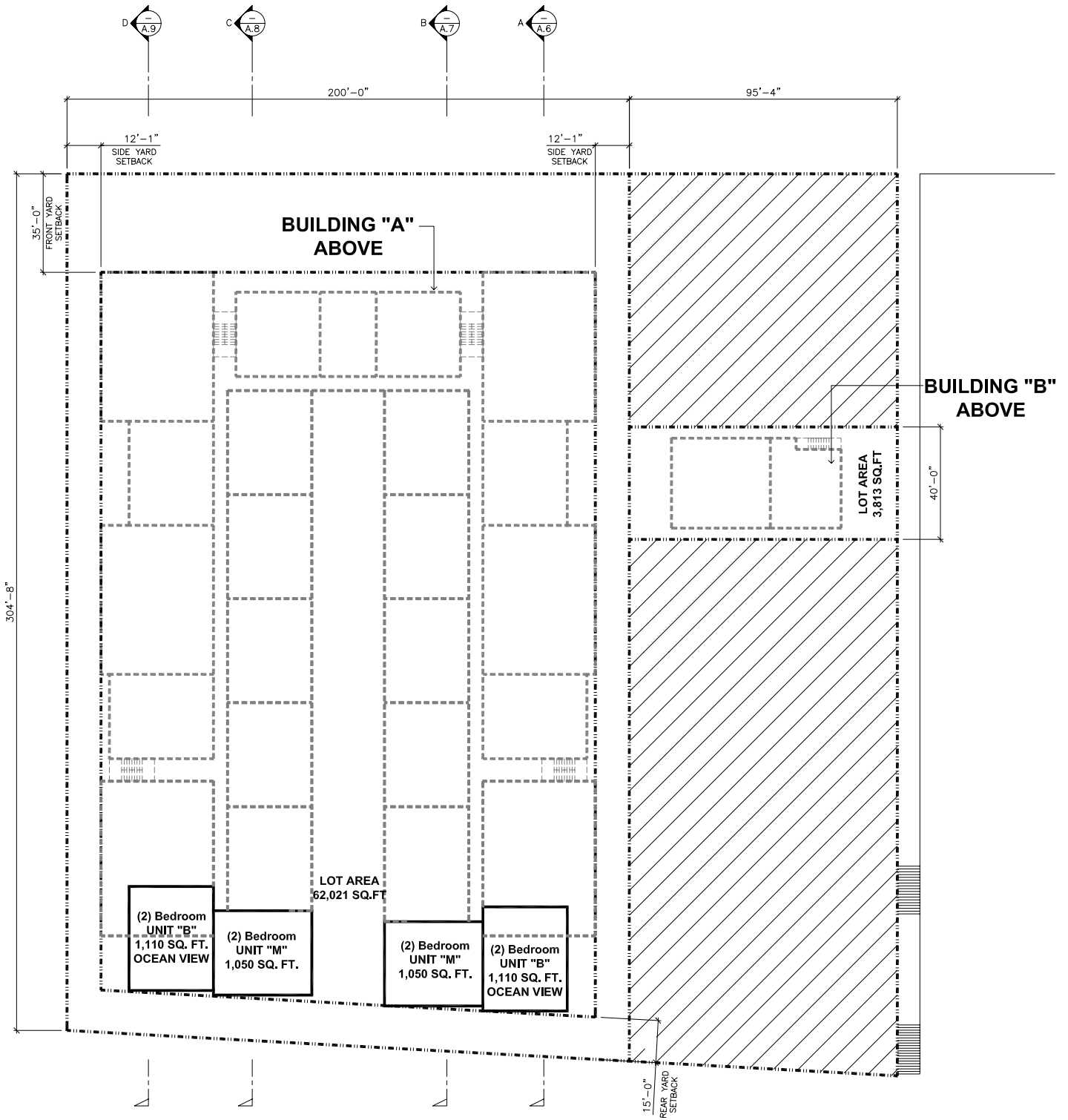
42 UNITS HAVE OCEAN VIEWS FOR A TOTAL OF 66,486 SQ. FT.
43 OTHER UNITS REPRESENT A TOTAL OF 45,096 SQ. FT.

BEDROOM UNIT TYPE:	SQUARE FOOTAGE
(3) BEDROOM UNIT "A" =	1,866 SQ. FT.
(2) BEDROOM UNIT "B" =	1,110 SQ. FT.
(3) BEDROOM UNIT "C" =	2,120 SQ. FT.
(3) BEDROOM UNIT "D" =	2,200 SQ. FT.
(2) BEDROOM UNIT "E" =	1,226 SQ. FT.
(1) BEDROOM UNIT "F" =	740 SQ. FT.
(1) BEDROOM UNIT "G" =	897 SQ. FT.
(2) BEDROOM UNIT "H" =	1,418 SQ. FT.
(3) BEDROOM UNIT "J" =	1,932 SQ. FT.
(1) BEDROOM UNIT "K" =	847 SQ. FT.
(1) BEDROOM UNIT "L" =	801 SQ. FT.
(2) BEDROOM UNIT "M" =	1,050 SQ. FT.

Date: 12-28-10

**BASED ON THE 2010
ZONING ORDINANCE**

OCEAN AVENUE

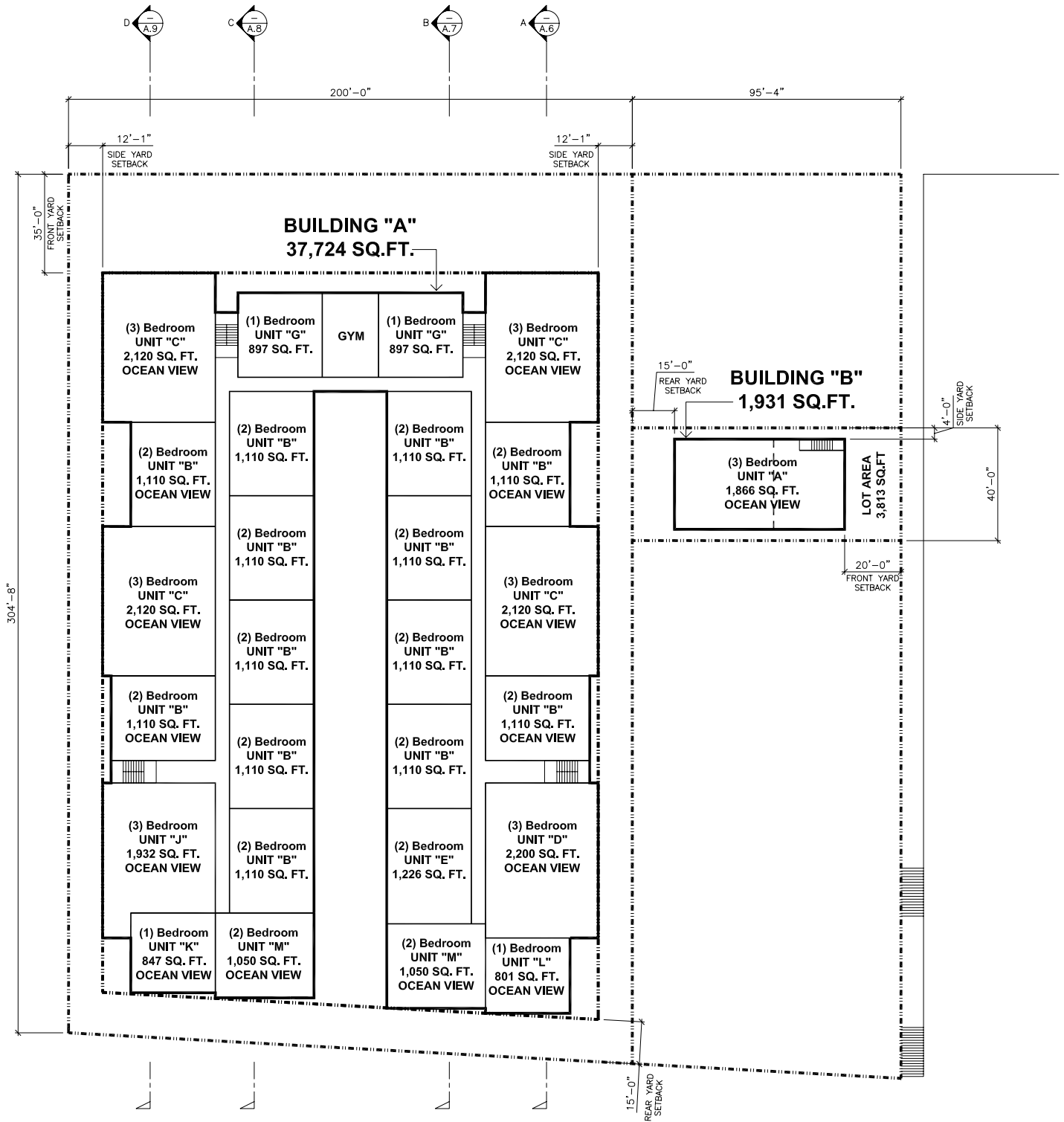


APPIAN WAY

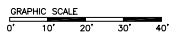
GRAPHIC SCALE
0' 10' 20' 30' 40'
Date: 12-28-10

BASED ON THE 2010 ZONING ORDINANCE

OCEAN AVENUE



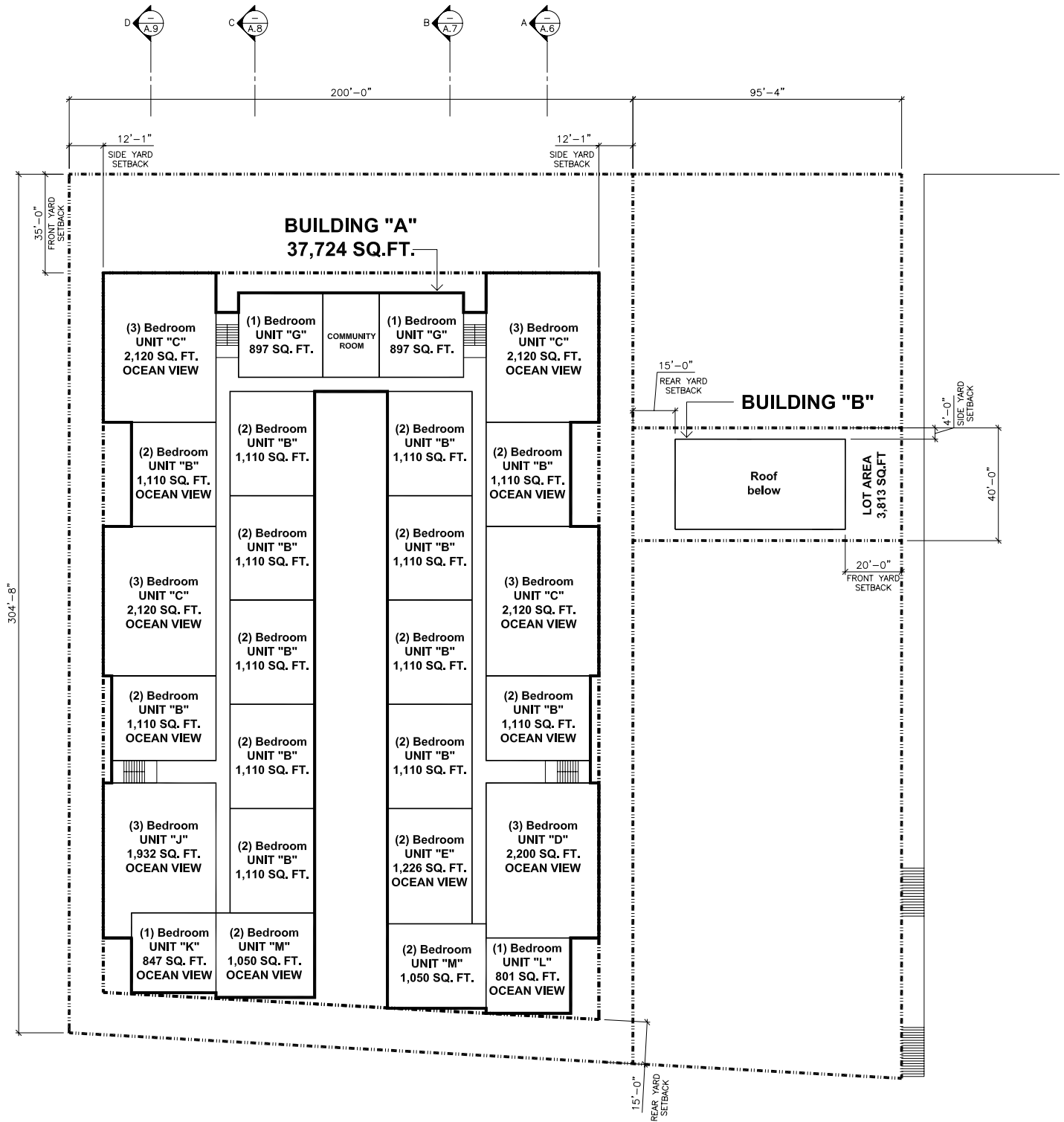
APIAN WAY



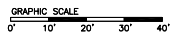
Date: 12-28-10

BASED ON THE 2010 ZONING ORDINANCE

OCEAN AVENUE



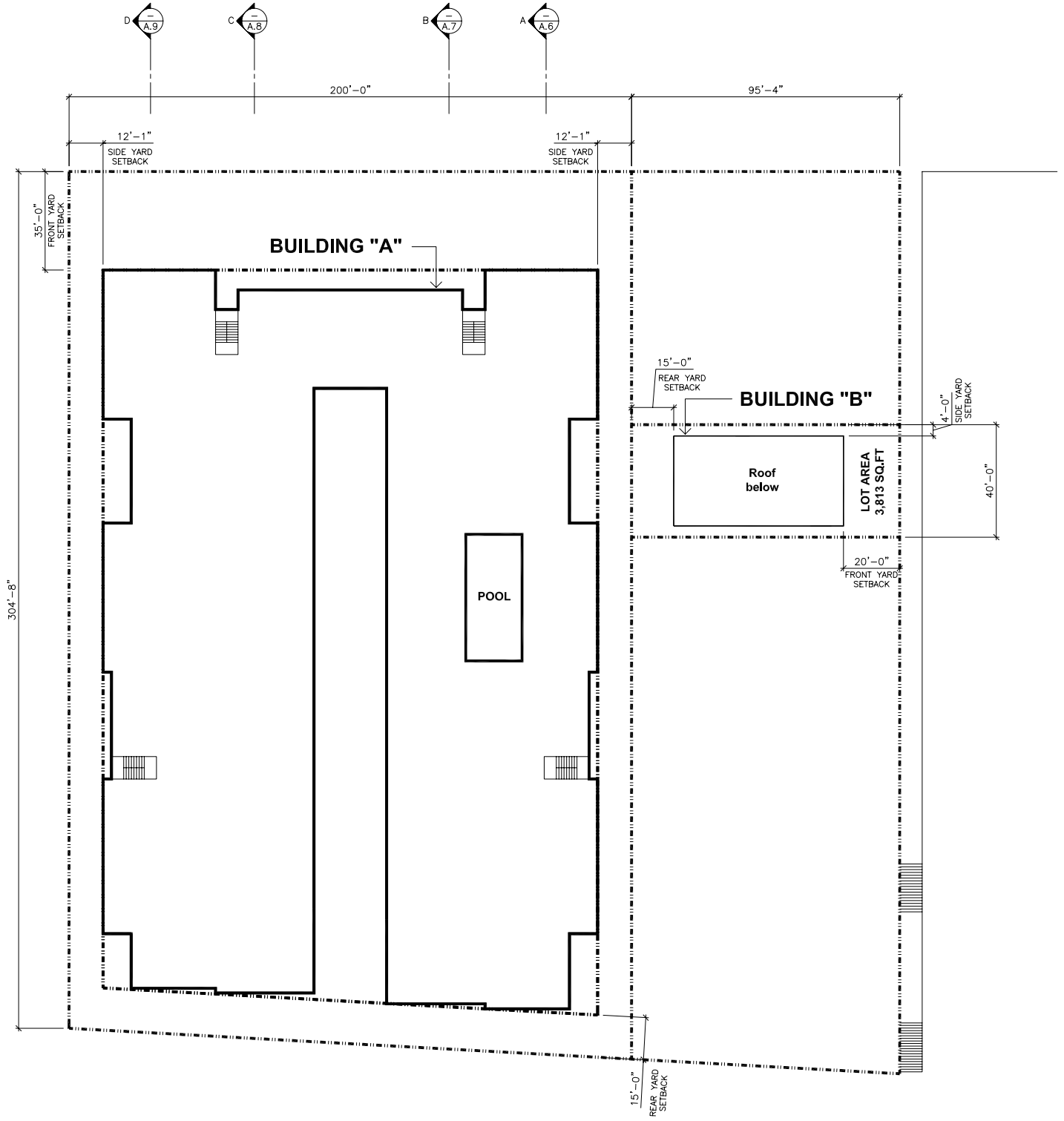
APPIAN WAY



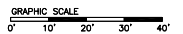
Date: 12-28-10

BASED ON THE 2010 ZONING ORDINANCE

OCEAN AVENUE

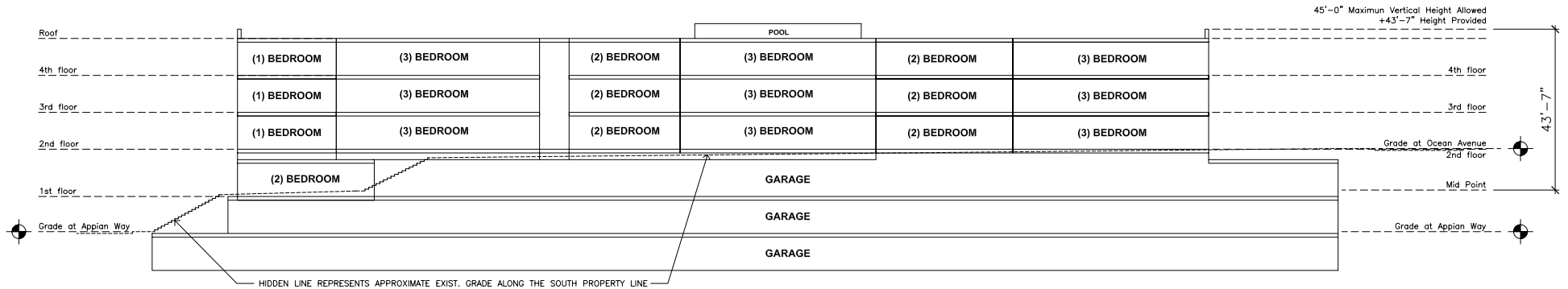


APPIAN WAY

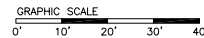


Date: 12-28-10

BASED ON THE 2010 ZONING ORDINANCE



SECTION A
LOOKING NORTH



Date: 12-28-10

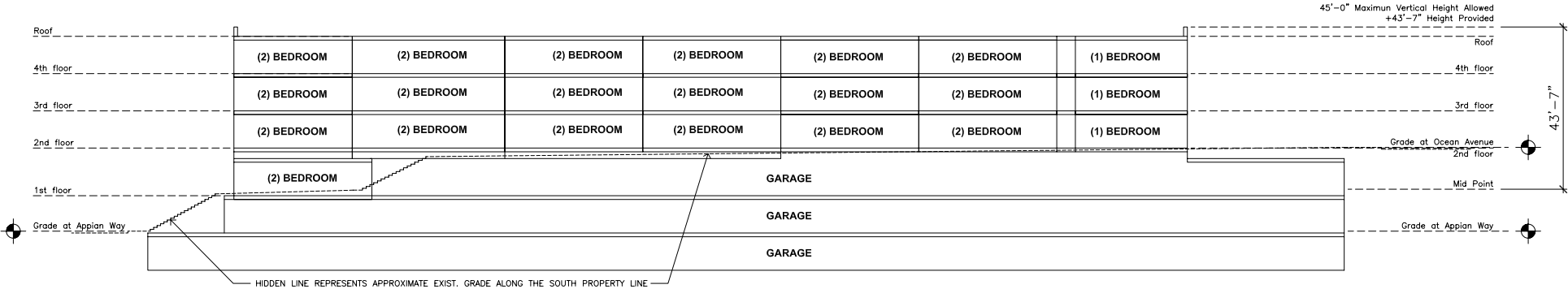
Donald Alec Barany
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Santa Monica, California 90403
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Email: donald@donbarany.com

PROPOSED RESIDENTIAL CONDOMINIUM PROJECT

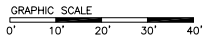
BASED ON THE 2010 ZONING ORDINANCE
1740 OCEAN AVENUE
SANTA MONICA, CA 90401

A.6

BASED ON THE 2010 ZONING ORDINANCE



SECTION B
LOOKING NORTH



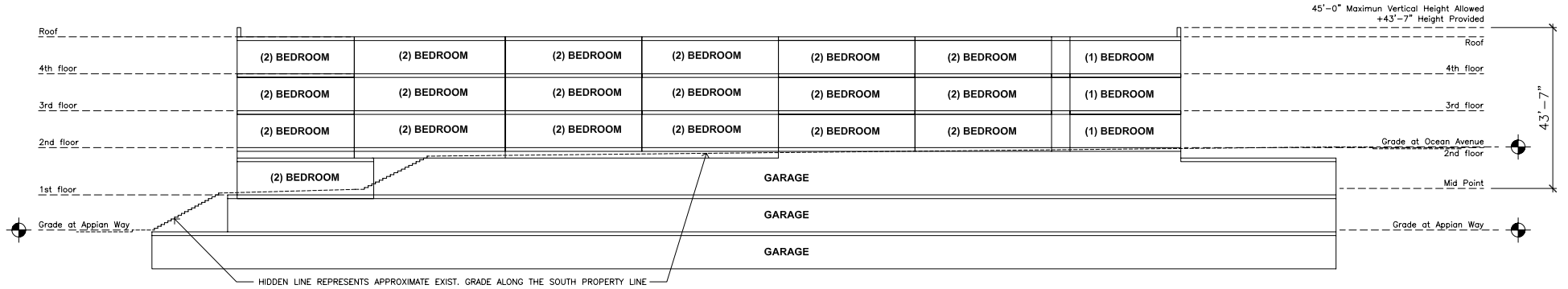
Date: 12-28-10


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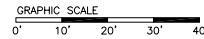
PROPOSED RESIDENTIAL CONDOMINIUM PROJECT
 BASED ON THE 2010 ZONING ORDINANCE
 1740 OCEAN AVENUE
 SANTA MONICA, CA 90401

A.7

BASED ON THE 2010 ZONING ORDINANCE



SECTION C
LOOKING NORTH



Date: 12-28-10

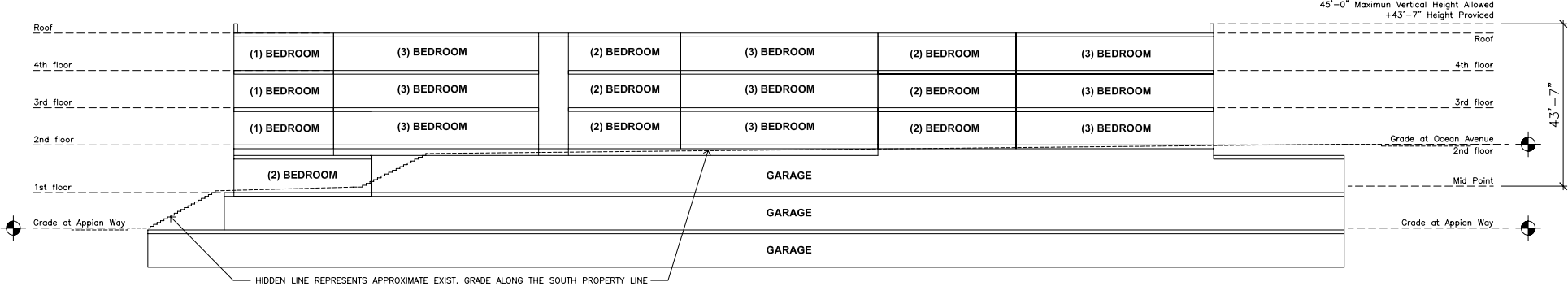
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PROPOSED RESIDENTIAL CONDOMINIUM PROJECT

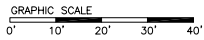
BASED ON THE 2010 ZONING ORDINANCE
1740 OCEAN AVENUE
SANTA MONICA, CA 90401

A.8

BASED ON THE 2010 ZONING ORDINANCE



SECTION D
LOOKING NORTH



Date: 12-28-10


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PROPOSED RESIDENTIAL CONDOMINIUM PROJECT
 BASED ON THE 2010 ZONING ORDINANCE
 1740 OCEAN AVENUE
 SANTA MONICA, CA 90401

A.9

**VI. SITE PLANS BASED ON THE 1986 ZONING ORDINANCE
(Sheets A.0 TO A.10)**

BASED ON THE 1986 ZONING ORDINANCE (88 UNITS)

PROJECT SUMMARY

ZONE:	= R4
EXIST. LOT AREA:	= 65,834 SQ. FT.
ALLOWABLE LOT COVERAGE + 50% OF LOT AREA:	= 32,917 SQ. FT.
HEIGHT LIMITS:	= (6) STORIES (65 FEET)
PROPOSED LOT COVERAGE:	BUILDING "A" = 11,428 SQ. FT. BUILDING "B" = 10,777 SQ. FT. BUILDING "C" = 10,432 SQ. FT. TOTAL = 32,637 SQ. FT. < 32,917 SQ. FT.
ALLOWABLE DENSITY:	= 750 SQ. FT. PER UNIT 64,834 SQ. FT. (LOT AREA) / 750 SQ. FT. PER UNIT = 88 UNITS
CALIFORNIA COASTAL COMMISSION: THE PROPERTY IS IN AN "AREA OF DEFERRED CERTIFICATION" AND IS NOT GOVERNED BY A SPECIFIC SET OF ORDINANCES OTHER THAN THE GENERAL PRINCIPLES STIPULATED IN THE CALIFORNIA COASTAL ACT.	

SHEET INDEX

A.0	COVER SHEET
A.1	FIRST FLOOR PLAN
A.2	SECOND FLOOR PLAN
A.3	THIRD FLOOR PLAN
A.4	FOURTH FLOOR PLAN
A.5	FIFTH FLOOR PLAN
A.6	SIXTH FLOOR PLAN
A.7	BUILDING SECTION A
A.8	BUILDING SECTION B
A.9	BUILDING SECTION C
A.10	BUILDING SECTION D

BUILDING AREA

	BLDG. "A"	BLDG. "B"	BLDG. "B"
LOWER LEVEL		1,920 S.F.	1,920 S.F.
FIRST FLOOR	11,428 S.F.	9,635 S.F.	9,635 S.F.
SECOND FLOOR	11,428 S.F.	9,635 S.F.	9,635 S.F.
THIRD FLOOR	40,411 S.F.	9,417 S.F.	9,417 S.F.
FOURTH FLOOR	11,004 S.F.	5,608 S.F.	5,608 S.F.
FIFTH FLOOR	6,682 S.F.	3,097 S.F.	3,097 S.F.
SUB TOTALS:	51,758 S.F.	39,312 S.F.	39,312 S.F.
GRAND TOTAL:		130,382 S.F.	

UNIT SUMMARY

	BLDG. "A"	BLDG. "B"	BLDG. "C"	TOTAL	% OF TOTAL
ONE BEDROOM	(8)	(1)	(1)	(10)	11%
TWO BEDROOM	(18)	(17)	(17)	(52)	59%
THREE BEDROOM	(10)	(8)	(8)	(26)	30%
TOTAL	(36)	(26)	(26)	(88)	100%

56 UNITS HAVE OCEAN VIEWS FOR A TOTAL OF 87,482 SQ. FT.
32 OTHER UNITS REPRESENT A TOTAL OF 42,900 SQ. FT.

UNIT ANALYSIS

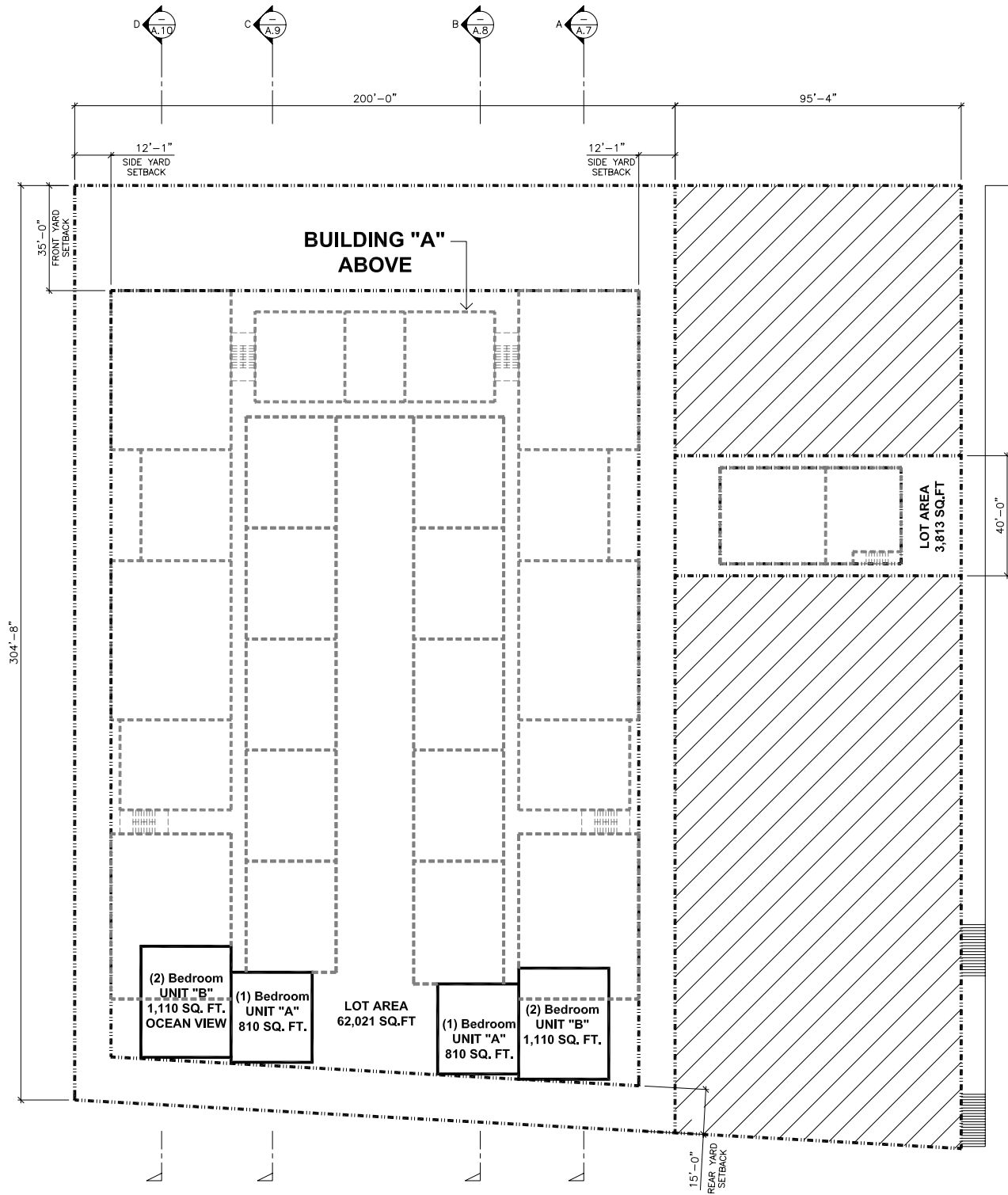
	(1) BEDROOM UNIT "A"	(2) BEDROOM UNIT "B"	(3) BEDROOM UNIT "C"	(3) BEDROOM UNIT "D"	(3) BEDROOM UNIT "E"	(3) BEDROOM UNIT "F"	(3) BEDROOM UNIT "G"	(3) BEDROOM UNIT "H"	(2) BEDROOM UNIT "J"	TOTAL UNITS
LOWER LEVEL	2	2								4
FIRST FLOOR	2	12	4	2						20
SECOND FLOOR	2	10	4	2					2	20
THIRD FLOOR	2	10			4	2			2	20
FOURTH FLOOR	2	10					4			16
FIFTH FLOOR		4						4		8
TOTALS	10	48	8	4	4	2	4	4	4	88

BEDROOM UNIT TYPE:	SQUARE FOOTAGE
(1) BEDROOM UNIT "A" =	810 SQ. FT.
(2) BEDROOM UNIT "B" =	1,110 SQ. FT.
(3) BEDROOM UNIT "C" =	2,120 SQ. FT.
(3) BEDROOM UNIT "D" =	2,240 SQ. FT.
(3) BEDROOM UNIT "E" =	2,014 SQ. FT.
(3) BEDROOM UNIT "F" =	2,128 SQ. FT.
(3) BEDROOM UNIT "G" =	1,908 SQ. FT.
(3) BEDROOM UNIT "H" =	1,802 SQ. FT.
(2) BEDROOM UNIT "J" =	1,295 SQ. FT.

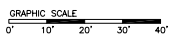
Date: 12-29-10

OCEAN AVENUE

BASED ON THE 1986
ZONING ORDINANCE



APPIAN WAY



Date: 12-29-10

**BASED ON THE 1986
ZONING ORDINANCE**

OCEAN AVENUE



200'-0"

95'-4"

5'-0"

SIDE YARD
SETBACK

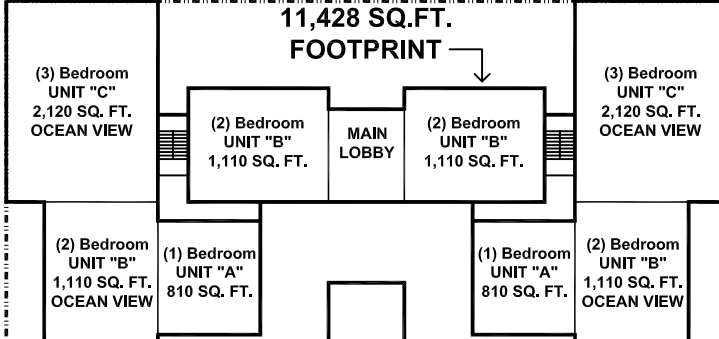
20'-0"

FRONT YARD
SETBACK

5'-0"

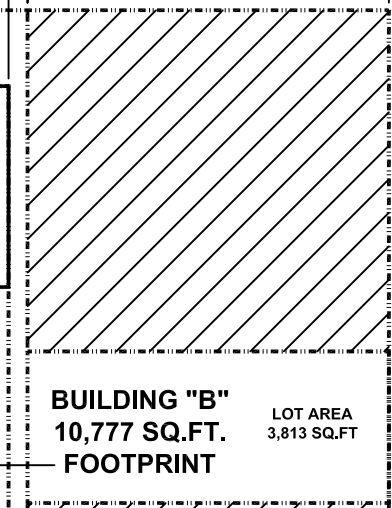
SIDE YARD
SETBACK

**BUILDING "A"
11,428 SQ.FT.
FOOTPRINT**

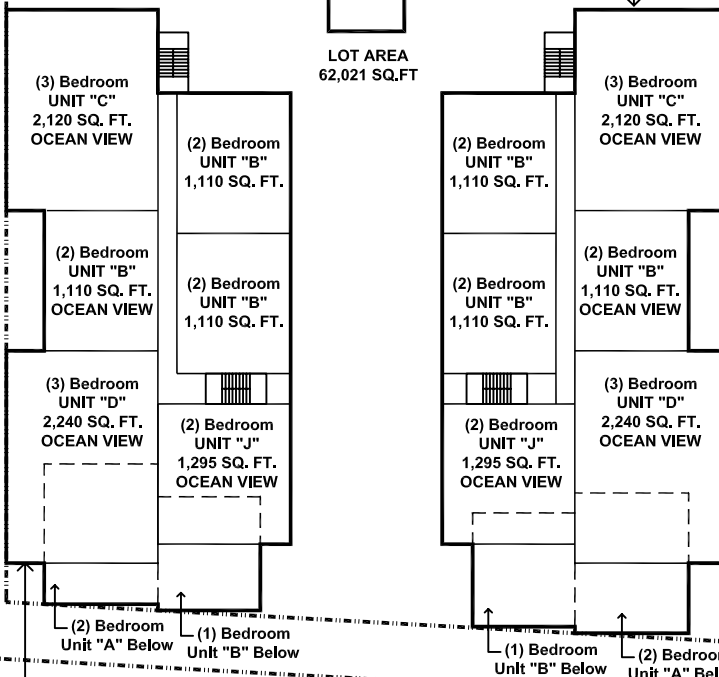


**BUILDING "B"
10,777 SQ.FT.
FOOTPRINT**

LOT AREA
3,813 SQ.FT



LOT AREA
62,021 SQ.FT

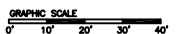


**BUILDING "C"
10,432 SQ.FT.
FOOTPRINT**

15'-0"

REAR YARD
SETBACK

APPIAN WAY



Date: 12-29-10

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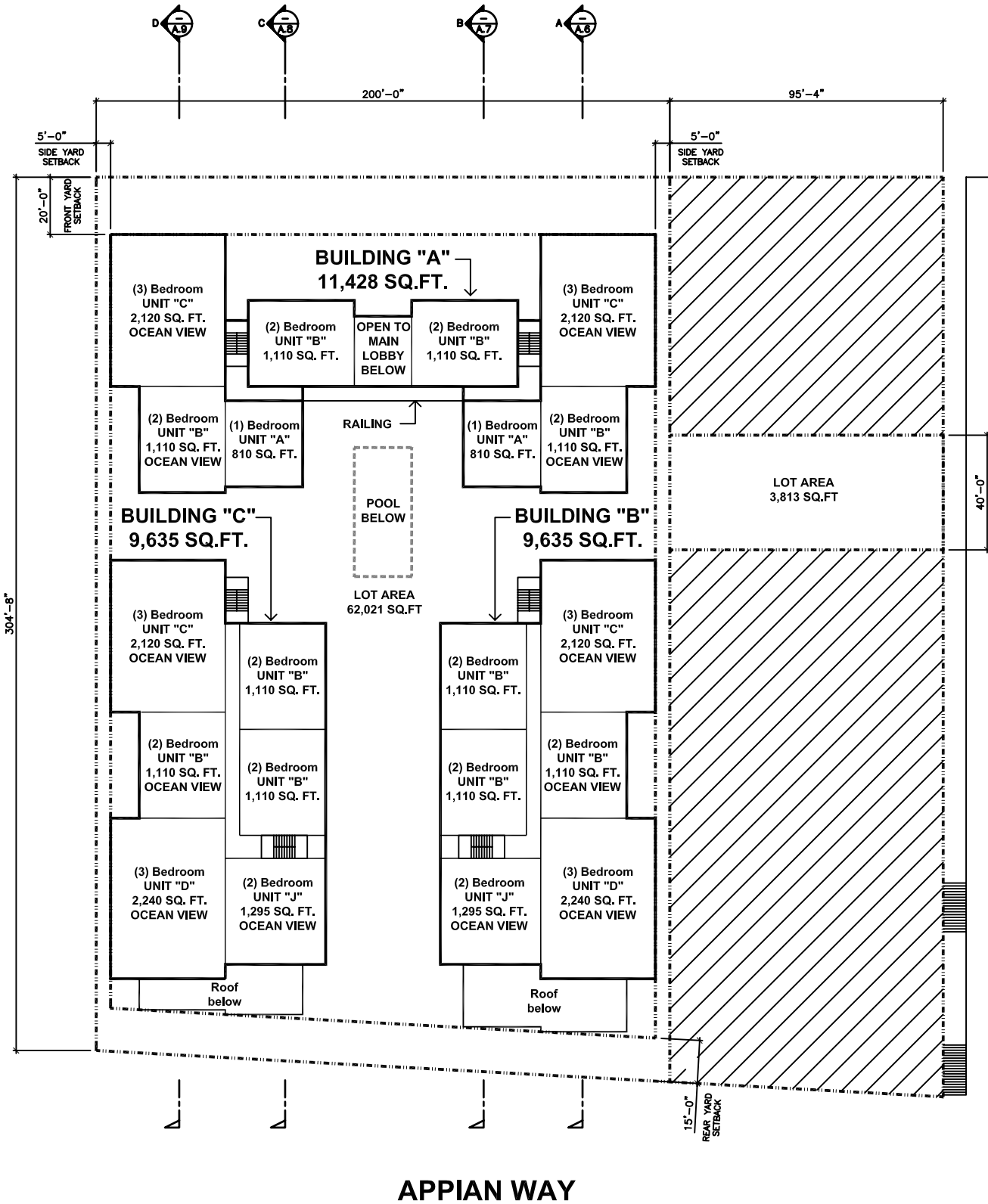
PROPOSED RESIDENTIAL CONDOMINIUM PROJECT
BASED ON THE 1986 ZONING ORDINANCE
1740 OCEAN AVENUE
SANTA MONICA, CA 90401

Second Floor Plan

A.2

OCEAN AVENUE

BASED ON THE 1986 ZONING ORDINANCE

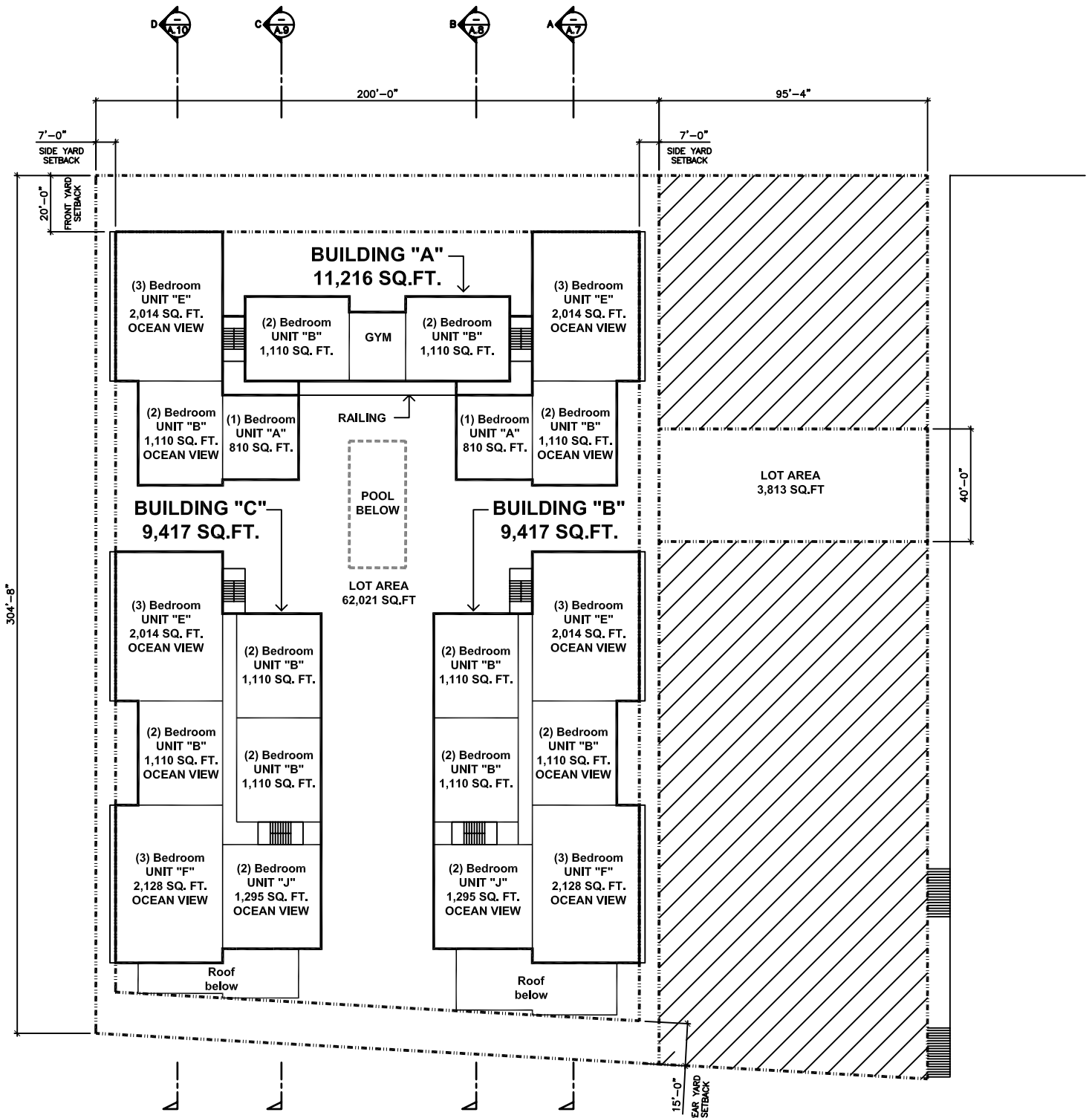


GRAPHIC SCALE
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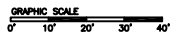
Date: 12-29-10

OCEAN AVENUE

BASED ON THE 1986 ZONING ORDINANCE



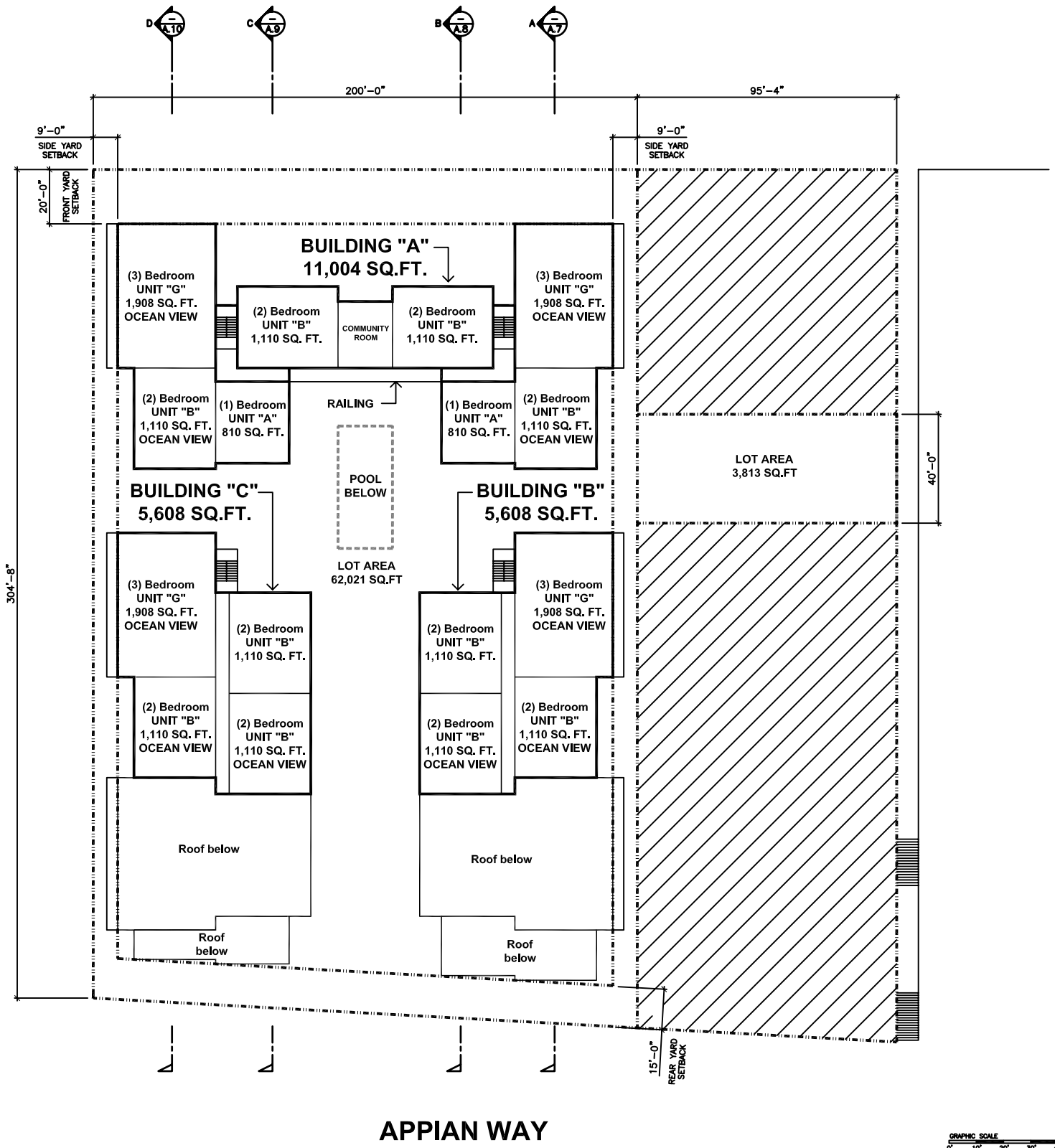
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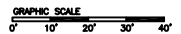
Date: 12-29-10

OCEAN AVENUE

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APPIAN WAY



Date: 12-29-10

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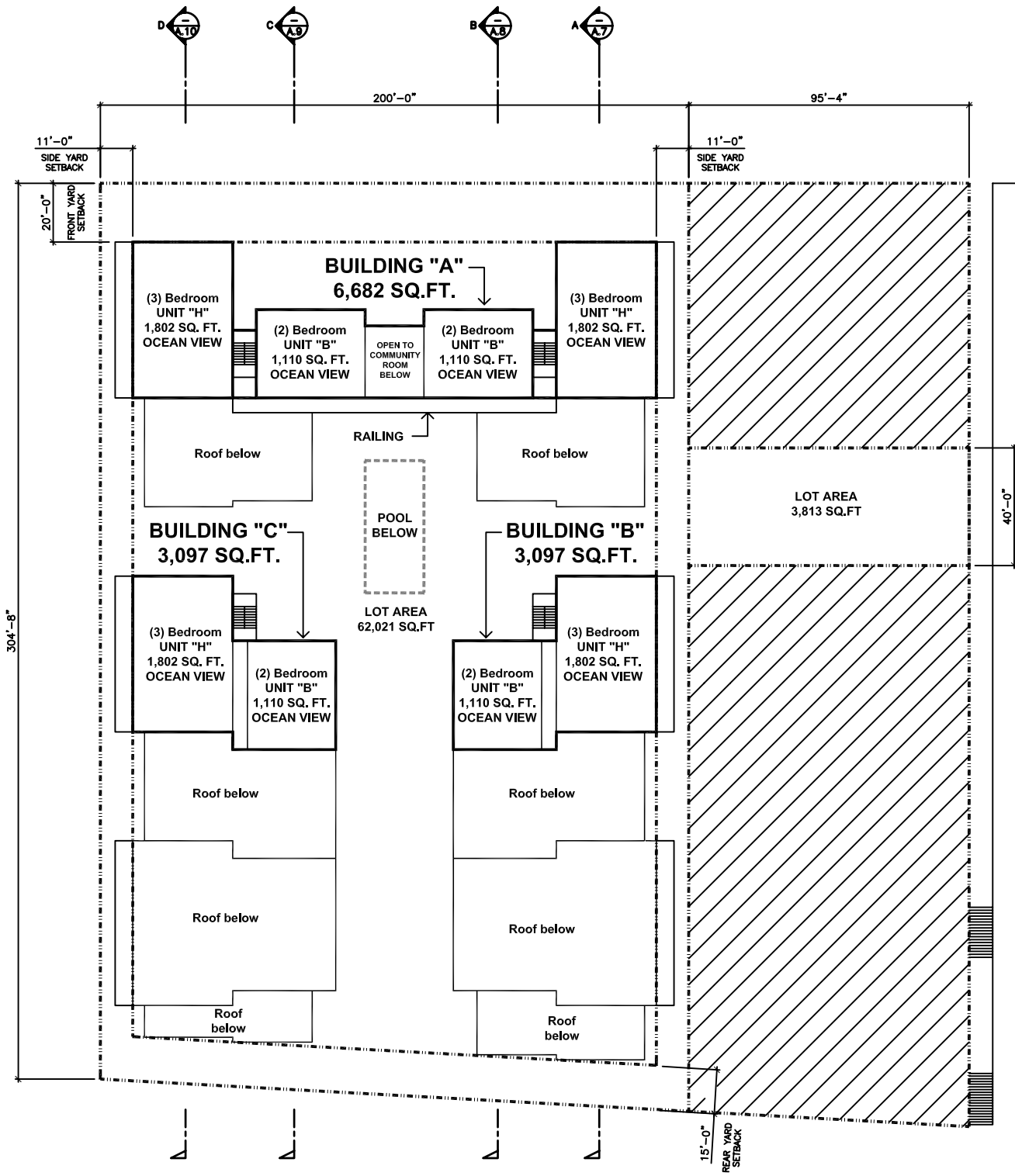
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 BASED ON THE 1986 ZONING ORDINANCE
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 SANTA MONICA, CA 90401

Fifth Floor Plan

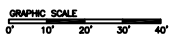
A.5

OCEAN AVENUE

**BASED ON THE 1986
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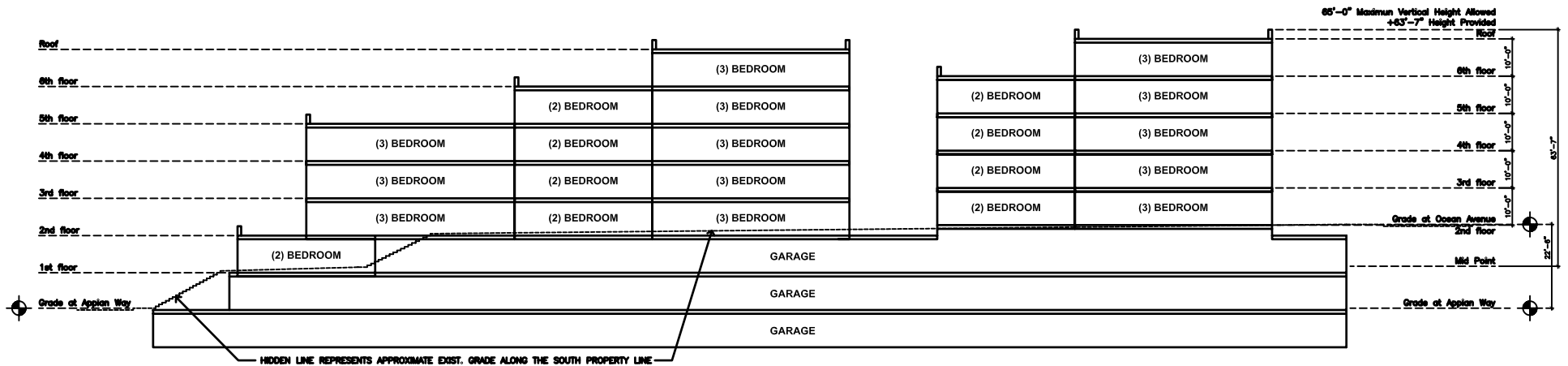


APPIAN WAY



Date: 12-29-10

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SECTION A
LOOKING NORTH

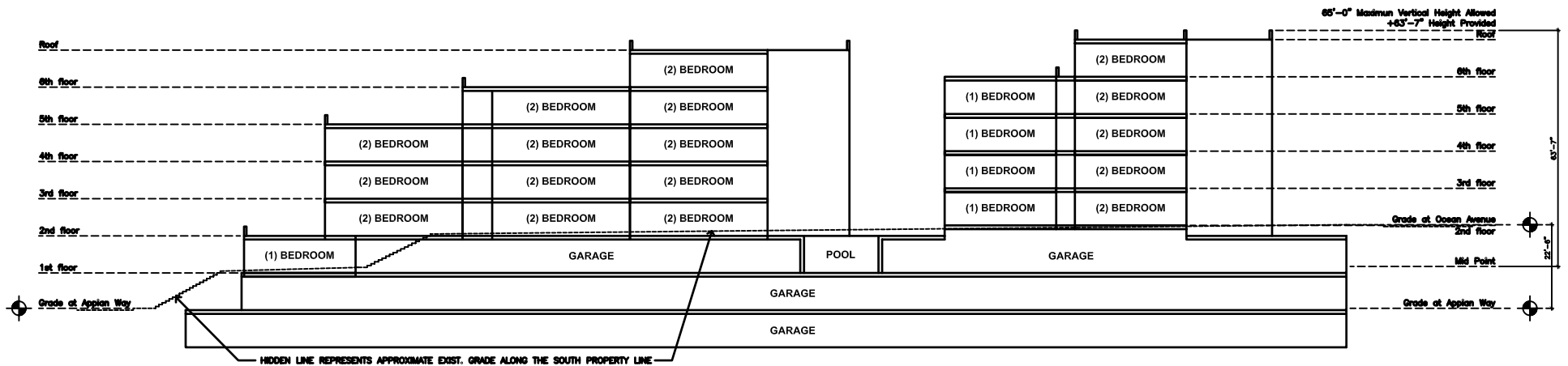
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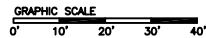
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A.7

BASED ON THE 1986 ZONING ORDINANCE



SECTION B
LOOKING NORTH



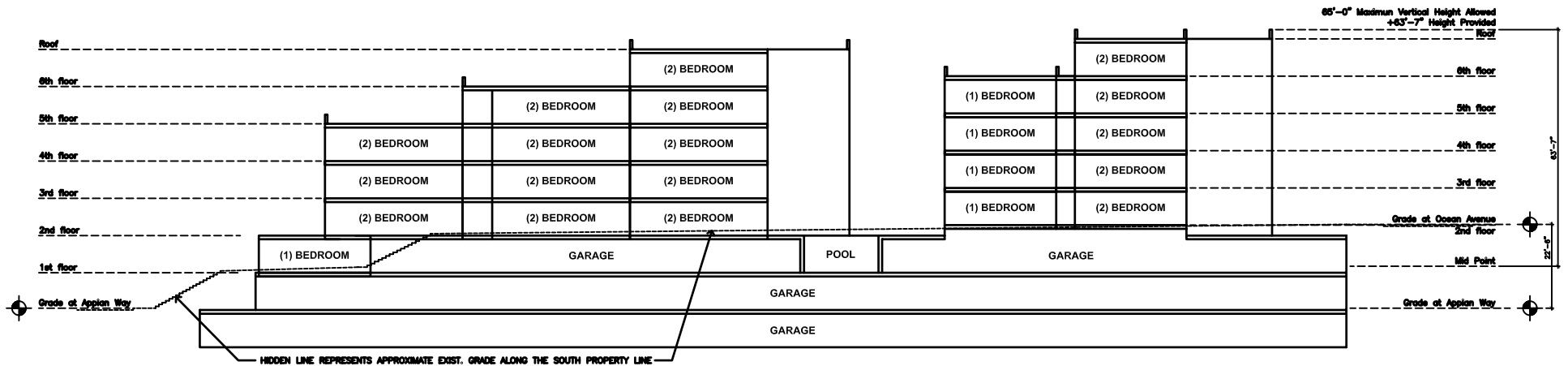
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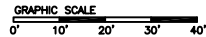
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A.8

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SECTION C
LOOKING NORTH



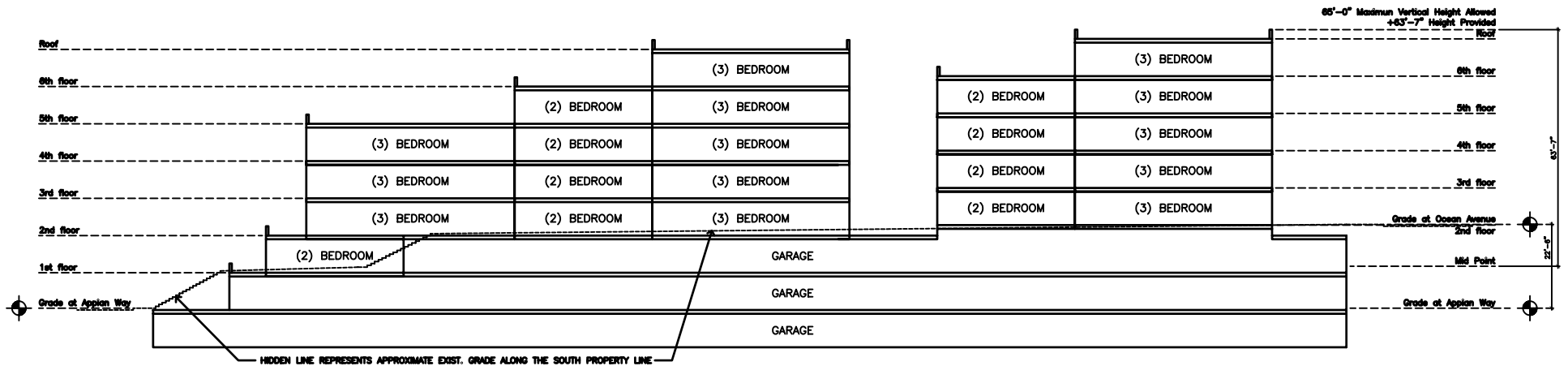
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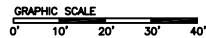
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A.9

BASED ON THE 1986 ZONING ORDINANCE



SECTION D
LOOKING NORTH



Date: 12-29-10

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A.10