

David M. Rosenthal, MAI, FRICS
William H. Curtis (1955 - 2003)

APPRAISAL REPORT

Vacant Industrial Land
SEC Alameda Street/Martin Luther King Jr. Blvd.
Los Angeles, California 90058

File Number: 7908-10



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William H. Curtis (1955 - 2003)

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January 14, 2011

Mr. Michael Galvin II
The Port of Los Angeles
425 S. Palos Verdes Street
San Pedro, California 90731

RE: Vacant Industrial Land
SEC Alameda Street/Martin Luther King Jr. Blvd.
Los Angeles, California 90058
File No. 7908-10

Dear Mr. Galvin:

Per your request, we have appraised the above referenced property. Our appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP) and the attached Supplemental Standards of the Harbor Department.

Our analyses and conclusions are contained in this **Self-Contained** appraisal report, which is intended to comply with the reporting requirements set forth under USPAP Standards Rule 2-2(a).

In conformance with the Scope of Work rule of USPAP, the sections below describe the Scope of Work for this assignment.

Client – The client for this assignment is City of Los Angeles Harbor Department.

Intended User - The intended user of this report is exclusively the Client stated above, as well as the Board of Harbor Commissioners, City Council of the City of Los Angeles, and related parties involved in valuation negotiations involving the subject property as stipulated by the City of Los Angeles Harbor Department. There are no other authorized users of this report.

Intended Use - The intended use of this assignment is as an asset management aid for the client in their determination of market value for valuation purposes.

Purpose of This Assignment - The purpose of this assignment is to develop an opinion of the **Market Value** of the **Fee Simple Estate** in the subject property (listed below) as of the effective date of value. (For information about the alleys and street please see Hypothetical Condition #1 and Extraordinary Assumption #1 in a following paragraph.)

Parcel	APN
1	5117-019-016
2	5117-019-017
3	5117-019-018
4	5117-019-019
5	5117-019-020
6	5117-020-029
7	5117-020-030
8	5117-020-031
9	5117-020-032
10	5117-020-033
11	5117-020-034
12	5117-020-035
13	5117-020-036
14	5117-020-037
15	5117-020-038
16	5117-020-039
17	5117-020-040
18	5117-021-020
19	5117-021-021
20	5117-021-022
21	5117-021-023
	2 Alleys
	40th Place

In addition the client has requested that we appraise the market value of the 113,256 square foot or 2.6 acre northwest corner of the subject property (southeast corner of Martin Luther King Jr. Blvd. and Long Beach Avenue) as if it was a separate legal parcel.

The definition of Market Value used in this assignment is taken from *The Dictionary of Real Estate Appraisal*, 5th Edition, published in 2010 by the Appraisal Institute.

Effective Date of Value - The effective date of value for this assignment is December 2, 2010, based on the last date that we inspected the property.

Relevant Characteristics of the Subject Property - The appraised property is located at the SEC Alameda Street/Martin Luther King Jr. Blvd. in the City of Los Angeles, in Los Angeles County, State of California.

The subject property consists of a vacant, M2 zoned, level land site totaling 548,713± sf, or 12.60± acres. It is a rectangular site fronting on four streets -- Alameda Street on the east, Martin Luther King Boulevard on the north, Long Beach Avenue on the west and East 41st Street on the south. It is located approximately one mile south of the 10 Freeway which is the south boundary of the downtown Los Angeles hub. Alameda Street forms the west boundary of the city of Vernon and the east boundary of the subject property.

In addition the client has requested that we appraise the market value of the northwest (southeast corner of Martin Luther King Jr. Blvd. and Long Beach Avenue) 113,256± or 2.6 acres of the subject parcel as if it were a legal separate entity.

Conditions of the Assignment – This assignment is subject to the following Extraordinary Assumptions, Hypothetical Conditions and Special Limiting Condition:

Hypothetical Condition #1: *Two alleys and a street (40th Place) are included within the boundaries of the subject property (see plat maps). Although the city had not abandoned them as of our date of valuation, this appraisal is subject to the hypothetical condition that the alleys and street had been abandoned by the city and are included as part of the subject property.*

Hypothetical Condition #2: *The client has requested that we appraise the 2.6 acre portion of the subject property that makes up the northwest corner of the overall site (the southeast corner of Martin Luther King Jr. Blvd. and Long Beach Avenue). In fact, no such legal parcel exists; therefore our appraisal is subject to the hypothetical condition that as of our date of valuation such a parcel does exist.*

Extraordinary Assumption #1: *We were provided with an estimated net square footage for the subject property by the owner of the property. The net square footage excludes projected street dedications and includes the two alleys and 40th Street. This appraisal is therefore subject to the Extraordinary Assumption that for the purpose of this appraisal the square footage estimates as provided are correct and we reserve the right to revise the appraisal and values if new information becomes available.*

Extraordinary Assumption #2: *As discussed within this appraisal report, during portions of the 1990's and 2000's the subject property was operated as a community farm for local residents. When the owner of the property ended that use there was significant community reaction and legal action instigated by the neighbors and community groups. It is our understanding that the legal cases are all completed and that (since the property has been fenced in by the owner) there has been no further*

community reaction. It is an Extraordinary Assumption of this appraisal that no stigma exists resulting from these previous activities that would have an impact on the Market Value of the subject property.

Special Limiting Condition #1: Substantial volatility in the capital markets has increased uncertainty in the real property marketplace. It is difficult to predict what may happen in the capital markets going forward. As a result, it is difficult to predict what may happen to real property values over time. Our valuation of the subject property considered the best information that was available at the time of our analysis. Due to on-going volatility in the marketplace, users of this appraisal should consider the current market uncertainty when determining the level of confidence they choose to place on these analyses and conclusions. Users are reminded that the appraisal conclusions in this report are effective as of the stated date of valuation.

There are no other Special Limiting Conditions, Extraordinary Assumptions, or Hypothetical Conditions.

Our analysis of the subject property included an on-site inspection of the subject property, research of general data relating to the subject locale, research of improved sales and recent rentals in the subject district, as well as research of other market-related influences affecting the subject property. In our analysis, we gave consideration to the applicability of each of the traditional approaches to value, including the Cost, Sales Comparison and Income approaches. The methodology and data utilized in our valuation of the subject property are detailed in the Valuation Section of this appraisal report.

Significant Valuation Issues

There are no significant valuation issues noted.

As a result of our investigation and analysis, it is our opinion that the **Market Value** (as defined herein) of the **Fee Simple Estate** in the 548,713± sf or 12.60 acre subject property as of the date of valuation, December 2, 2010, is:

TWELVE MILLION SIX HUNDRED THOUSAND DOLLARS

\$12,600,000

As a result of our investigation and analysis, it is our opinion that the **Market Value** (as defined herein) of the **Fee Simple Estate** in the 113,256± sf or 2.6 acre portion of the subject property as of the date of valuation, December 2, 2010, is:

TWO MILLION SIX HUNDRED THOUSAND DOLLARS

\$2,600,000

Our analyses and conclusions are based on the Scope of Work described above and the General Assumptions and Limiting Conditions that are made a part of this appraisal report. Special attention should be given to the Extraordinary Assumptions, Hypothetical Conditions and the Special Limiting Condition.

Thank you for the opportunity to have been of service to your company. If you should require any further assistance or should you have any questions regarding the material discussed in this report, please do not hesitate to call.

Sincerely,

CURTIS-ROSENTHAL, INC.



Marian Peak, CGREA
CA #AG007980



David M. Rosenthal, MAI, FRICS
CA #AG001641