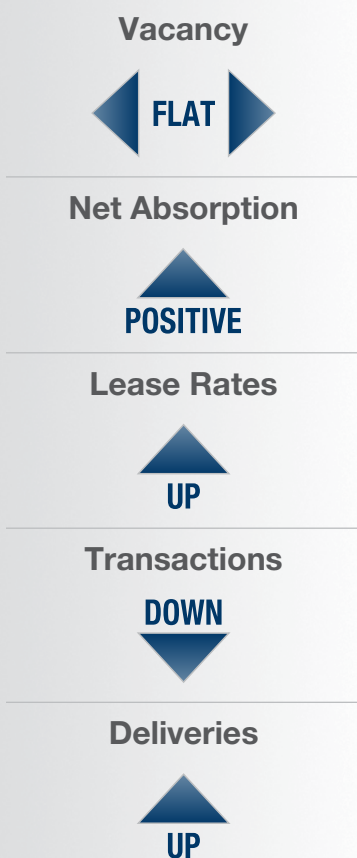


Office Market Report

Compared to 2011:



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www.voitco.com

Market Highlights

- Steady Growth** - The Los Angeles office market showed continued signs of stabilization in 2012. Vacancy, availability and lease rates remained essentially flat compared to 2011. Net absorption posted a positive figure of approximately 2.2 million square feet for 2012, giving the Los Angeles office market the most positive absorption seen since 2006. While these are generally positive indications, stability will need to be sustained in coming quarters to be considered recovery.
- Construction** - Total space under construction came in at just under 1.6 million square feet for the fourth quarter of 2012, mostly Class A space. The slowdown in construction has and will ease the upward pressure on vacancy and the downward pressure on lease rates.
- Vacancy** - Direct/sublease space (unoccupied) finished the year at 13.99%, a 0.21% decrease from 2011's fourth quarter. We are forecasting that vacancy will overall continue its gradual descent in 2013, ending the year at around 13.7%.
- Availability** - Direct/sublease space being marketed was at 16.92% at the end of 2012 — 0.65% decrease when compared to 2011's fourth quarter rate of 17.03% and lower than 2012's third quarter rate of 17.13%.
- Lease Rates** - The average asking full-service gross (FSG) lease rate per month per square foot in the Los Angeles office market was \$2.34 at the end of the quarter — two cents higher than the previous quarter and one cent higher than the previous year. The record high rate of \$2.74 was established in the third quarter of 2008. Class A asking rates for the county averaged \$2.50 FSG — the highest being in the West Los Angeles submarket, where rates averaged \$3.35 FSG. We are forecasting that rates will continue to increase in 2013.
- Absorption** - The Los Angeles office market posted a positive 2.2 million square feet of net absorption in 2012, marking the sixth consecutive quarter of positive absorption for the Los Angeles office market, totaling

over 2.8 million square feet. 2012 had the most positive absorption we've seen since 2006 when we experienced 4.1 million square feet. Look for high-tech, education, entertainment, and alternative-energy companies to lead the increase of positive absorption over the next few years.

- Transaction Activity** - Leasing activity checked in at just over 18.4 million square feet for 2012, a decrease from the 22.8 million square feet seen in 2011. Sales activity showed a year-over-year increase, posting 9.5 million square feet for 2012 compared to the 6.1 million square feet transacted in 2011. Details of the largest transactions can be found on the back page of this report.
- Employment** - The unemployment rate in Los Angeles County was 10.2% in November 2012 — down from a revised 10.5% in October 2012 and below the previous year's estimate of 12.1%. This compares with an unadjusted unemployment rate of 9.8% for California and 7.7% for the nation during the same period. According to the State of California Employment Development Department, Los Angeles County saw the largest year-over-year growth in more than ten years, a net increase of 68,100 payroll jobs from November 2011 to November 2012. The largest gains were 19,600 in professional & business services and 19,500 in leisure & hospitality trade; Los Angeles County's only loss was 9,100 government jobs during that same period.
- Overall** - We are beginning to see the amount of available space being added per quarter level off and investment sales increase overall. As we continue into 2013, positive absorption should continue, and with few new deliveries in the pipeline to apply upward pressure on vacancy, the market will continue to stabilize. We foresee a continued increase in investment activity in the coming quarters, and lease rates are expected to continue to increase. We should also see an increase in leasing activity as many short-term deals come up for renewal. As job creation continues and consumer confidence stabilizes, the office market will continue to recover.

Prepared by:

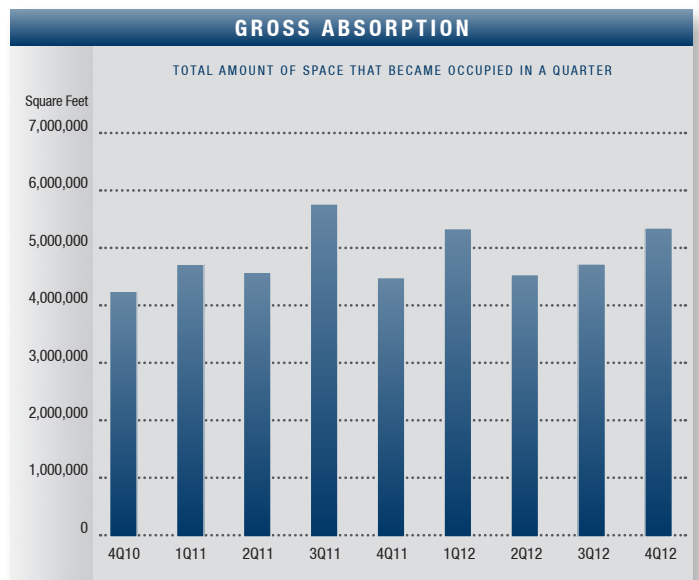
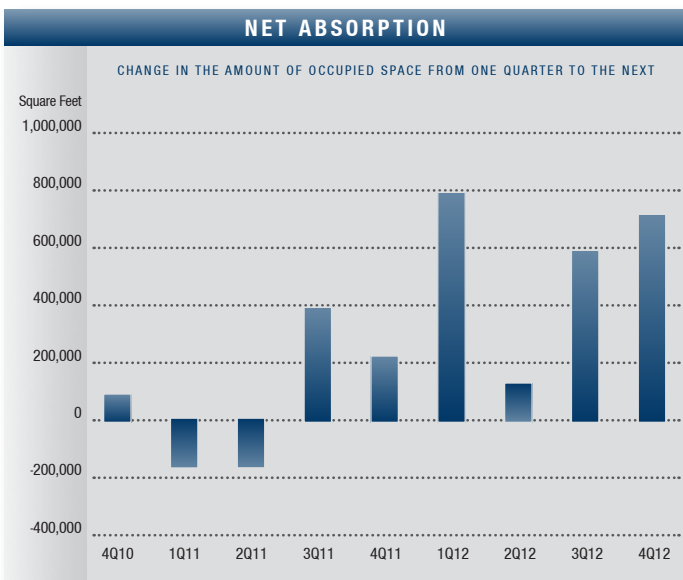
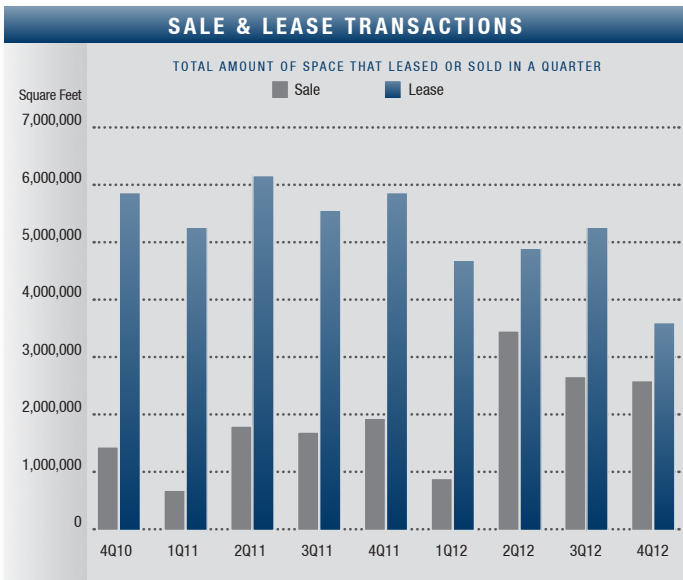
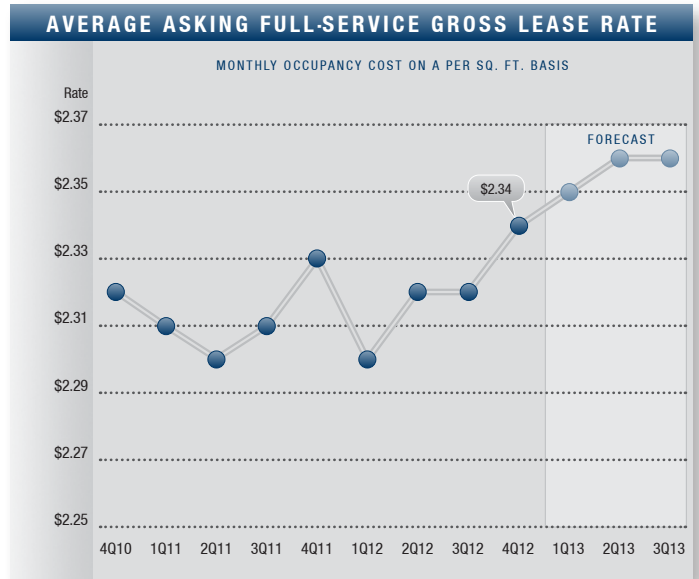
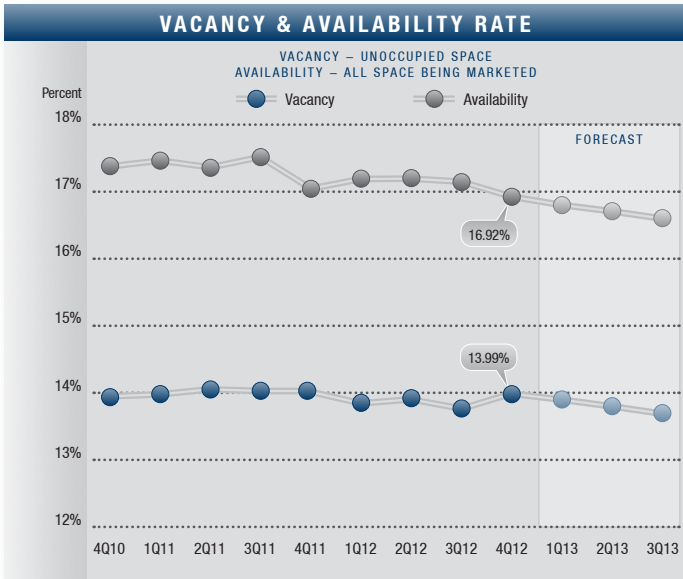
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OFFICE MARKET OVERVIEW

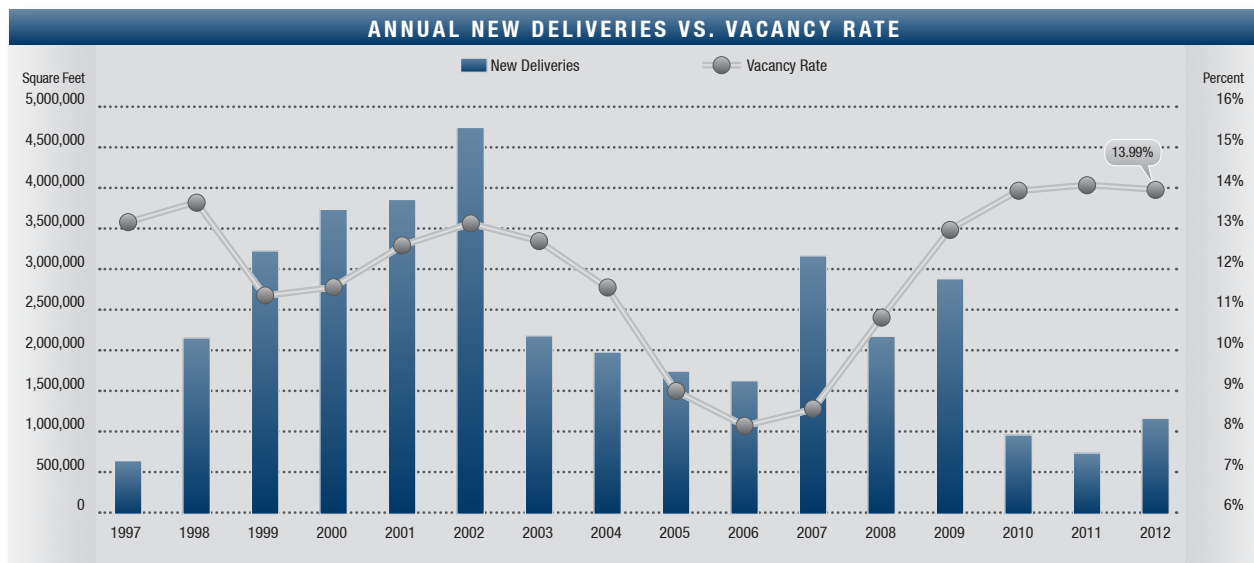
	2012	2011	2010	% of Change vs. 2011
Total Vacancy Rate	13.99%	14.02%	13.92%	(0.21%)
Availability Rate	16.92%	17.03%	17.38%	(0.65%)
Average Asking Lease Rate	\$2.34	\$2.33	\$2.32	0.43%
Sale & Lease Transactions	27,908,422	28,883,254	22,958,054	(3.38%)
Gross Absorption	19,870,027	19,456,228	17,401,335	2.13%
Net Absorption	2,215,824	280,694	(2,207,707)	N/A



	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2012	Square Feet Available	Availability Rate 4Q2012	Average Asking Lease Rate	Net Absorption 4Q2012	Net Absorption 2012	Gross Absorption 4Q2012	Gross Absorption 2012
Los Angeles Market Total													
Antelope Valley	31	1,414,177	0	180,000	205,631	14.54%	236,617	16.73%	\$2.54	8,278	(4,706)	8,278	29,324
Burbank/Glendale/Pasadena	434	39,086,152	0	906,700	4,851,868	12.41%	6,285,646	16.08%	\$2.68	129,569	899,855	641,291	2,973,337
Downtown	311	65,094,972	0	1,622,621	8,276,627	12.71%	10,418,050	16.00%	\$2.13	(241,444)	(556,002)	592,663	2,202,756
Mid-Cities	72	4,495,282	0	340,652	423,358	9.42%	474,628	10.56%	\$1.89	17,637	84,748	59,925	330,618
Mid-Wilshire	305	30,166,191	551,519	777,601	4,367,244	14.48%	5,549,364	18.40%	\$2.00	(1,634)	(21,247)	434,424	1,655,183
San Fernando Valley	346	26,978,204	0	519,098	4,032,315	14.95%	4,566,209	16.93%	\$2.12	265,649	503,370	633,148	2,041,091
San Gabriel Valley	293	18,807,182	0	1,308,840	1,940,513	10.32%	2,392,238	12.72%	\$1.96	(74,621)	65,165	257,327	927,039
Santa Clarita Valley	57	3,455,822	102,113	346,814	564,389	16.33%	706,281	20.44%	\$2.36	134,905	213,066	164,594	374,592
South Bay	492	49,799,309	866,450	2,218,366	8,620,327	17.31%	9,436,996	18.95%	\$2.03	142,335	64,719	896,504	2,831,928
Southeast LA	87	5,323,552	0	200,000	501,862	9.43%	843,663	15.85%	\$1.90	606	(49,475)	20,965	120,477
Ventura North	65	3,645,794	0	103,234	340,318	9.33%	678,962	18.62%	\$1.87	7,584	129,504	21,074	436,299
Ventura South	249	15,758,009	58,456	901,130	2,858,434	18.14%	3,471,601	22.03%	\$2.05	57,092	179,608	361,206	1,140,389
West LA	561	60,843,604	0	1,767,181	8,478,851	13.94%	9,894,137	16.26%	\$3.35	268,861	707,219	1,242,755	4,806,994
Los Angeles Market Total	3,303	324,868,250	1,578,538	11,192,237	45,461,737	13.99%	54,954,392	16.92%	\$2.34	714,817	2,215,824	5,334,154	19,870,027

Class A	994	181,181,351	1,219,188	8938930	28,856,602	15.93%	33,842,650	18.68%	\$2.50	973,083	1,839,348	3,866,620	12,395,479
Class B	1,829	116,738,300	359,350	2253307	15,139,223	12.97%	18,983,744	16.26%	\$1.98	(232,161)	480,610	1,311,435	6,813,422
Class C	480	26,948,599	0	0	1,465,912	5.44%	2,127,998	7.90%	\$1.86	(26,105)	(104,134)	156,099	661,126
Los Angeles Market Total	3,303	324,868,250	1,578,538	11,192,237	45,461,737	13.99%	54,954,392	16.92%	\$2.34	714,817	2,215,824	5,334,154	19,870,027

This survey consists of properties 25,000 square feet and larger in size, representing both single tenant and multi-tenant buildings. The lease rates are based on a full-service gross basis.



RECENT TRANSACTIONS

Sale Transactions

Property Address	Submarket	Class	Square Feet	Sale Price Per SF	Buyer	Seller
5700 Wilshire Blvd. – 2 Properties	Mid-Wilshire	A	1,002,766	\$421.83	Tishman Speyer	RREEF America, LLC
1933 S. Broadway	Downtown	B	793,158	\$66.82	PHR LA Mart, LLC	Vornado Realty Trust
400 S. Hope St.	Downtown	A	701,294	\$339.37	SPUSS 400 South Hope, LP	400 S. Hope Street Associates
1500 Hughes Way	South Bay	A	490,055	\$140.80	Omninet Capital	Lexington Realty Trust
1000 Wilshire Blvd.	Downtown	A	484,241	\$272.59	Lincoln Property Company	Lehman Brothers Holdings, Inc.

Lease Transactions

Property Address	Submarket	Class	Square Feet	Transaction Date	Tenant	Owner
333 S Grand Ave. – Renewal	Downtown	A	328,829	Sep-12	Wells Fargo Bank	MPG Office Trust, Inc.
3501 Sepulveda Blvd. – Renewal	South Bay	A	141,702	Mar-12	Saatchi & Saatchi LA	Hudson Pacific Properties, Inc.
611 N. Brand Blvd. – Renewal	Burbank/Glendale/Pasadena	A	132,000	Apr-12	Yellow Pages	LNR Property Corporation
2400 Empire Ave. – Renewal	Burbank/Glendale/Pasadena	A	130,302	May-12	Deluxe Digital Studios	Burbank Empire Investment Group, Inc.
2500 Broadway	West Los Angeles	A	95,113	Jun-12	HULU	Ca Colorado Center, LLC

Product Type

CLASS A

Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high-quality standard finishes, state-of-the-art systems, exceptional accessibility and a definite market presence.

CLASS B

Buildings competing for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area, and systems are adequate. However, Class B buildings cannot compete with Class A buildings of the same price.

CLASS C

Buildings competing for tenants requiring functional space at rents below the area average.

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