October 8, 2008

Mr. Brian Trautwein
Environmental Analyst
ENVIRONMENTAL DEFENSE CENTER
906 Garden Street
Santa Barbara, CA 93101

Re: Appraisal Consulting Assignment:

Santa Barbara Ranch Project
Along the Gaviota Coast
Northwest of the City of Goleta
Santa Barbara County, California

Job No. 121-2006-0149

Dear Mr. Trautwein:

We have reviewed portions of the "Summary Report to Update the Santa Barbara Ranch TDR Feasibility Study" (dated August 30, 2007) by Solimar Research Group and the "Santa Barbara Ranch Transferable Development Rights (TDR) Feasibility Analysis" (dated March 8, 2006) by Solimar Research Group. Specifically, we have examined the proposed development of the Santa Barbara Ranch project from the perspective of the project's financial feasibility. The following report includes an analysis of:

- The Alternative 1 ("Alt 1") development scenario as set forth in the above-referenced report by Solimar Research Group, as well as an analysis of

- A development scenario which we identify as "Alt 1 with Bluff Protection." This development scenario is based on the Alt 1 scenario, but with no development on the following lots:

    - The nine lots located on the bluff south of the railroad tracks and access road (located south of Highway 101), identified as lots 12, 35, 39, 63, 66, 91, 93, 119, 122.

    - The three lots identified as DP-15, DP-16, and DP-20, which are reportedly located on the site of an ancient Native American village.

As shown in the analysis which follows, the "Alt 1 with Bluff Protection" development scenario (which includes the future development of a total of 60 single family residences) is deemed to be "financially feasible" based on the key elements of cost, expected market performance, and an internal rate of return requirement of 12%.

The anticipated rates of return indicated by our analysis, as presented on the following pages, are summarized as follows:

Development Scenario	*Includes Development on 9 Bluff-Top Lots and 3 Lots on Site of Ancient Village*	*Anticipated Rate of Return*
Alt 1	Yes	22.07%
Alt 1 with Bluff Protection (Accelerated Pace)	No	14.39%
Alt 1 with Bluff Protection (Moderate Pace)	No	12.70%

We have been instructed by the client to complete our analysis based on the assumption that the anticipated rates of return for the Alt 1 and Alt 1-B projects are the same. The client has informed us that these two projects are very similar, and include the same number of residences and similar residences sizes.

The details of our study and the bases for selecting the factors utilized in our analysis are presented in the following pages.

INTRODUCTORY INFORMATION

Some of the relevant information for this assignment, presented in part to address the requirements of Standards Rule 5-2 of the Uniform Standards of Professional Appraisal Practice, is identified below:

- *Client and intended users of the letter*: The Environmental Defense Center; their client(s) in this matter; the County of Santa Barbara; the trier(s) of fact in possible litigation.

- *Intended use of the letter*: To be used by the client and intended users in this matter for negotiation purposes; to assist the County of Santa Barbara in completing its review of the financial feasibility of the "Alt 1 with Bluff Protection" development scenario addressed in this report; to serve as evidence or as a basis for testimony in possible litigation.

- *The real estate which is the subject of the analysis*: The site of the proposed Santa Barbara Ranch project. This is a large project site (ranging in size from 500± to 3,000± acres, depending on the development scenario), and includes areas both north and south of Highway 101. This site currently consists primarily of vacant land. The proposed Santa Barbara Ranch project would consist of the development of a 72-unit single-family residential development on this land.

- *Type and definition of value*: Investment value, which is defined as:

  - "The specific value of an investment to a particular investor or class of investors based on individual investment requirements; distinguished from market value, which is impersonal and detached." (Source: *The Dictionary of Real Estate Appraisal*, Fourth Edition, Appraisal Institute, 2002)

- *Date of value of the report:* July 1, 2008, the date of value in our land residual analyses.

- *Summary of the scope of work*: John G. Ellis, MAI, CRE, FRICS inspected portions of the subject property on July 9, 2007. We reviewed portions of documents related to the proposed development scenarios for the subject property, which were provided to us by the client. Included among these documents was the "Summary Report to Update the Santa Barbara Ranch TDR Feasibility Study" (dated August 30, 2007) by Solimar Research Group, the "Santa Barbara Ranch Transferable Development Rights (TDR) Feasibility Analysis" (dated March 8, 2006) by Solimar Research Group, and portions of the Proposed Final EIR for Santa Barbara Ranch Project (dated June 8, 2008) prepared by URS. In accordance with the client's instructions, we have relied upon the construction cost and home value estimates provided in the August 30, 2007 report by Solimar Research Group. We have also relied on numerous other cost and timing estimates provided to us by the client. We have incorporated the information provided to us into developer's residual analyses. Two spreadsheets summarizing our analyses are included in this report, and we have presented a summary and explanation of our analyses in this report.

- *Use of the real estate as of the date of value*: The subject property currently consists primarily of vacant agricultural land. There is also a commercial aquaculture facility on the Dos Pueblos Ranch portion of the project site.

INTRODUCTION TO THE ANALYSIS

In our study, we have tested the financial feasibility of the specified development scenario by completing a Net Present Value (NPV) analysis. In a NPV study, we make a comparison of:

- The present value of all actual and anticipated costs to
- The present value of anticipated net revenue from sales of finished residences

Costs which have already been expended are brought forward (at a compounded rate) to the date of value using an internal rate of return, and future costs are discounted back to the date of value using the same internal rate of return. If a pre-determined rate of return is used, the net present value may be either a positive number (indicating that the actual rate of return is higher than the test rate) or a negative number (where the actual rate of return is lower than the test rate).

Alternatively, an analysis can be conducted to identify the rate of return at which the NPV equals zero, indicating that the rate of return derived in the study is the actual internal rate of return generated by the project for the investor/owner. This is the process we have employed to develop the test of financial feasibility for the designated alternatives for the Santa Barbara Ranch project.

In this letter we will present three NPV analyses, which are described as follows:

The first NPV analysis will be based on the Alternative 1 ("Alt 1") development scenario as set forth in the above-referenced report by Solimar Research Group.

The second and third NPV analyses will be based on a development scenario which we identify as "Alt 1 with Bluff Protection." This development scenario is based on the Alt 1 scenario, but with no development on the following lots:

- The nine lots located on the bluff south of the railroad tracks and access road (located south of Highway 101), identified as lots 12, 35, 39, 63, 66, 91, 93, 119, 122.
- The three lots identified as DP-15, DP-16, and DP-20, which are reportedly located on the site of an ancient Native American village.

The only difference between our second and third NPV models is in the timing of the construction and sell-off of the proposed residences. We have labeled these two NPV models "Alt 1 with Bluff Protection - Accelerated Pace" and "Alt 1 with Bluff Protection - Moderate Pace," referring to the different paces of the construction and sell-off of the proposed residences.

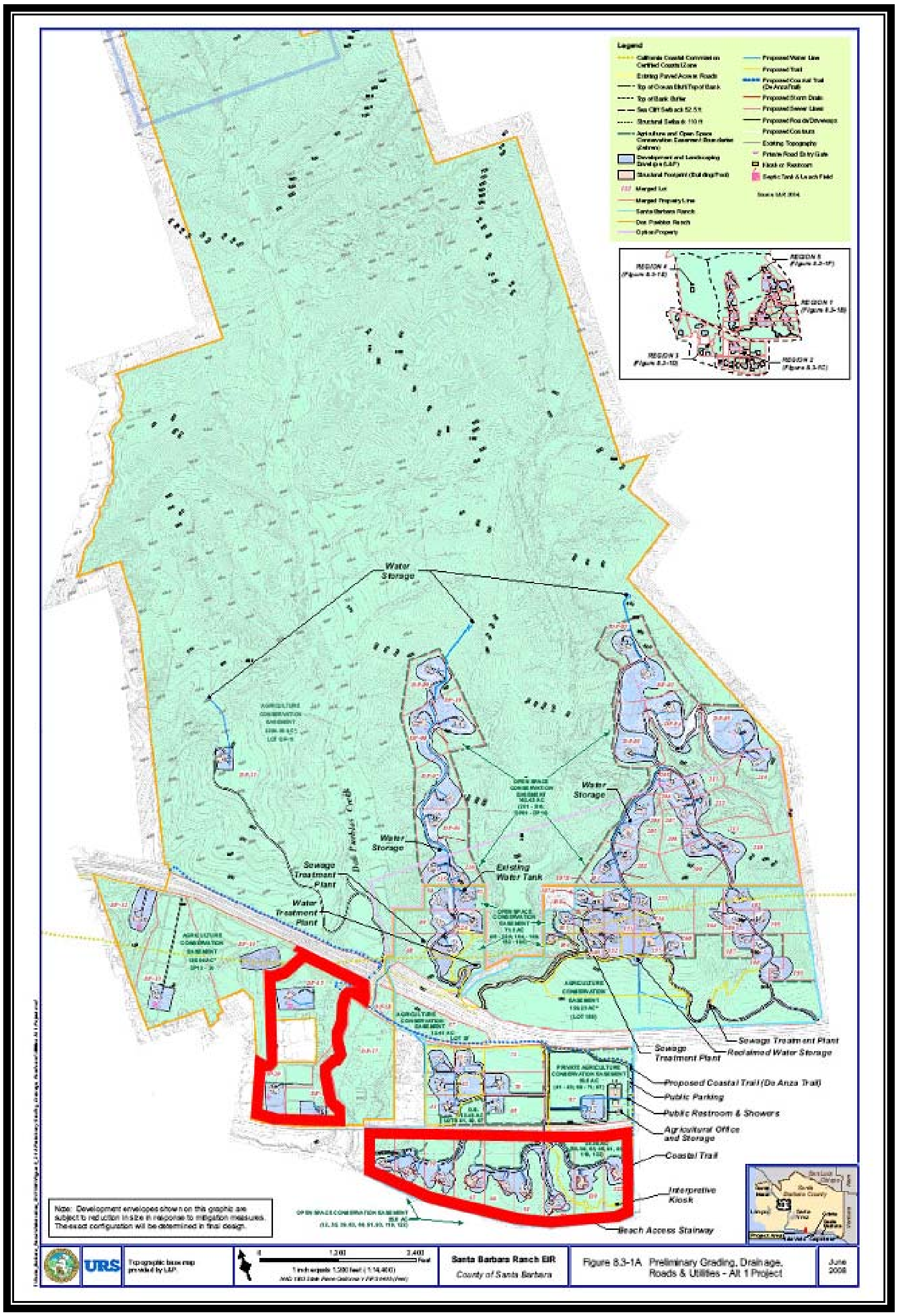
In the following paragraphs we will discuss the estimated costs (expenses) and estimated net sale proceeds (income) utilized in our analyses. The cost data used in our analysis comes from a variety of sources, including the "Summary Report to Update the Santa Barbara Ranch TDR Feasibility Study" (dated August 30, 2007) by Solimar Research Group, the appraisal by James Hammock, MAI, and local residential developers. Some of the cost data was compiled by representatives of the Environmental Defense Center, who obtained their estimates from various departments of the County of Santa Barbara and from professionals in various consulting fields and the development industry.

We have presented our analyses at a net present value of cash flow of $0, in order to demonstrate the anticipated rate of return under each development scenario.

The map (dated June 2008) on the following page is the preliminary grading, drainage, roads and utilities map for the Alt 1 project. We have outlined in red the lots that would not be developed under the "Alt 1 with Bluff Protection" scenario.

We have been instructed by the client to complete our analysis based on the assumption that the anticipated rates of return for the Alt 1 and Alt 1-B projects are the same. The client has informed us that these two projects are very similar, and include the same number of residences and similar residences sizes.

Mr. Brian Trautwein
October 8, 2008
Page 6



ESTIMATED COSTS

Land Purchase Cost: The land purchase cost in 2000 was reportedly $28,000,000.[1]

Property Taxes: The property taxes for Santa Barbara Ranch are estimated at $1,900,000 from 2001 to 2008 (equating to $237,500 per year from 2001 to 2008). We have estimated a 2% annual increase in years 2009, 2010, and 2011. As the residences begin to be sold off, we estimate a decrease in property taxes (different rates of decrease in the various scenarios that we have modeled), which would then be applicable only to the unsold lots.

Other Taxes: This category includes "use tax" and "sales tax." This cost is estimated at a total of $60,000, incurred over the time period from 2001 to 2008 ($7,500 per year from 2001 to 2008).

Application Filing Fee: This cost is estimated at a total of $21,706, incurred in 2001 and 2002 ($10,853 per year in 2001 and 2002).

Biology Reports: This cost was incurred in 2002 to 2005, and is estimated at a total of $51,000 over this time period.

Geology Reports: This cost was incurred in 2002 to 2005, and is estimated at a total of $37,000 over this time period.

Visual Photosimulation for Projects by Interacta: This cost was incurred in 2002 to 2008, and is estimated at a total of $9,000 over this time period.

Fire Plan: This cost is estimated at $14,000 in July 2003.

Archeology Reports: This cost was incurred in 2002 to 2005, and is estimated at a total of $80,000 over this time period.

Water Management Plan and Water Reports by Hoover: This cost was incurred in 2002 to 2008, and is estimated at a total of $9,000 over this time period.

Historical Report by EDAW 2008: This cost was incurred in 2008, and is estimated at $27,500.

Historical Report by Nye: This cost was incurred in 2005 and is estimated at $9,000.

---

[1] As mentioned in the appraisal by James Hammock, MAI

Environmental Site Assessment by Russell: This cost was incurred in 2002, and is estimated at $11,000.

TDR Studies: This cost was incurred in 2006 to 2008, and is estimated at a total of $143,000 over this time period.

EIR: This cost was incurred in 2006 to 2008, and is estimated at a total of $1,430,000 over this time period.

Planners' Hours: This cost is estimated at $85,000 per year in 2003 to 2008, $30,000 in 2009, $15,000 in 2010, and $5,000 in subsequent years.

Design Guidelines: This cost was incurred in 2008 and is estimated at $36,000.

Landscape Plan: This cost was incurred in 2007, and is estimated at $71,000.

Attorney Fees: This cost is estimated at $60,000 per year in 2004 to 2008 and $30,000 per year in 2009 to 2014.

Architects, structural/electrical/mechanical engineers, work drawings: This cost is estimated at 7% of the cost of the construction of the proposed residences in 2011, 2012, and 2013.

Civil Engineer/Grading Plans: This cost will be incurred in 2009 to 2011, and is estimated at a total of $50,000 per lot over this time period.

County Permit Costs: This cost will be incurred in 2009 and is estimated at $350,000.

Development Impact Mitigation Fees: This cost will be incurred in 2009 to 2010, and is estimated at a total of $518,000 ($259,000 per year in 2009 and 2010).

Access Staircase: This cost will be incurred in 2009 is estimated at $960,000.

California Department of Real Estate (DRE) Subdivision Fee: This cost will be incurred in 2009 and is estimated at $20,000.

General Liability and Construction Insurance: This cost is estimated at 1% of the construction costs of the proposed residences, with the cost incurred during 2012 to 2014.

Promotional / Public Relations: This cost is estimated at $40,000 per year from 2006 to 2010, and $20,000 per year from 2011 to 2014.

Grading and Infrastructure (utilities, streets, etc.): The estimates of the cost of grading and infrastructure were provided by local residential developers. This cost will be incurred in 2010 to 2012.

Parking, Restroom, Trails: This cost will be incurred in 2010 and is estimated at $8,000,000.

Waste Water Treatment Plant (WWTP): This cost will be incurred in 2010 and is estimated at $500,000.

Construction Cost (of residences): The estimates of constructions costs of the proposed residences are taken from Section 4 (Page 27) of the "Summary Report to Update the Santa Barbara Ranch TDR Feasibility Study" (dated August 30, 2007) by Solimar Research Group, which provides estimates of construction costs as of 2007 as follows:

> *"Homes priced between $2 - $4 million have $250/sf costs; homes between $5 - $9 million have $350/sf costs; homes between $10 - $14 million have $400/sf costs; homes between $15 - $20 million have $450/sf costs; and homes above $20 million have $500/sf costs of construction."*

We have applied an inflation factor to these 2007 estimates by Solimar. The on-line resource www.InflationData.com reports that the annual rate of inflation over the past 30 years is 4.23%. We have therefore applied a 4% annual inflation rate to the 2007 construction cost estimates.

Sale Proceeds from Completed Homes: The estimates of the sale prices of the proposed residences are taken from the schedule identified as "Table 4.3 - Range of Alt 1 Home Values" in the "Summary Report to Update the Santa Barbara Ranch TDR Feasibility Study" (dated August 30, 2007) by Solimar Research Group, which provides estimates of home values as of 2007. Based on the client's instructions, we have assumed that the value of the proposed residence on lot DP-20 (which does not appear on Table 4.3 in the Solimar report) is the same as that on lot DP-16. We have applied an inflation factor to the 2007 estimates by Solimar. The on-line resource www.InflationData.com reports that the annual rate of inflation over the past 30 years is 4.23%. We have therefore applied a 4% annual inflation rate to the 2007 home value estimates.

Commissions (to real estate brokers): Estimated at 4% of gross sale proceeds.

Costs of Sales (closing costs such as title report and escrow fees, etc.): Estimated at 2% of gross sale proceeds.

PACES OF CONSTRUCTION AND HOME SALES

We have assumed that the proposed residences would be marketed and sold during the completion of construction, allowing the buyers to provide input regarding certain features of the residences, which the developer would complete in accordance with the buyers' preferences. Accordingly, we have projected that the construction and sales of the individual homes would occur in the same year. The paces of construction and home sales that we have projected in our three NPV analyses are described as follows:

Alt 1 (72 residences)

- Year 2011: Construction and sale of 17 residences north of the 101 Freeway
- Year 2012: Construction and sale of 21 residences south of the 101 Freeway
- Year 2013: Construction and sale of 17 residences north of the 101 Freeway
- Year 2014: Construction and sale of 17 residences north of the 101 Freeway

Alt 1 with Bluff Protection (Accelerated Pace, 60 residences)

- Year 2011: Construction and sale of nine residences south of the 101 Freeway and 12 residences identified as the central portion of the MOU lots (21 residences total for the year)
- Year 2012: Construction and sale of 13 of the residences north of the MOU lots and 12 residences identified as the west end and east end of the MOU lots (25 residences total for the year)
- Year 2013: Construction and sale of 14 residences north of the MOU lots

Alt 1 with Bluff Protection (Moderate Pace, 60 residences)

- Year 2012: Construction and sale of nine residences south of the 101 Freeway
- Year 2013: Construction and sale of all 24 residences identified as the MOU lots north of the 101 Freeway
- Year 2014: Construction and sale of all 27 residences north of the MOU lots

On the following pages we present schedules of the estimated construction costs and sale prices of the proposed residences under the above three scenarios, as well as the spreadsheets which summarize our three NPV analyses.

ALT 1
SANTA BARBARA RANCH PROJECT
SCHEDULE OF CONSTRUCTION COSTS AND HOME SALE PRICES

	Residence SF	2007 Construction Cost PSF	Estimated Year of Construction	Estimated Construction Cost PSF in Year of Construction (Based on 4% Annual Inflation)	Estimated Construction Cost (Total) in Year of Construction (Based on 4% Annual Inflation)	2007 Home Value	Estimated Year of Sale	Estimated Sale Price in Year of Sale (Based on 4% Annual Inflation)
North of 101 (51 New Homes)								
North of all MOU Lots (27 New Homes)								
DP-11	8,223	$450	2013	$569	$4,682,123	$17,250,151	2013	$21,826,944
DP-09	6,104	$250	2013	$316	$1,930,877	$4,759,170	2013	$6,021,868
DP-08	8,223	$350	2013	$443	$3,641,651	$5,397,810	2013	$6,829,952
DP-10	6,972	$250	2013	$316	$2,205,451	$4,999,234	2013	$6,325,626
DP-07	5,963	$250	2013	$316	$1,886,274	$4,822,946	2013	$6,102,565
DP-06	6,017	$250	2013	$316	$1,903,356	$4,915,059	2013	$6,219,118
215	5,847	$250	2013	$316	$1,849,580	$4,056,314	2013	$5,132,531
216	4,800	$250	2013	$316	$1,518,383	$3,853,439	2013	$4,875,830
DP-03	7,160	$350	2013	$443	$3,170,889	$5,020,610	2013	$6,352,673
DP-02	8,400	$350	2013	$443	$3,720,038	$5,425,360	2013	$6,864,811
DP-04	6,292	$350	2013	$443	$2,786,486	$5,710,782	2013	$7,225,961
DP-05	7,461	$350	2013	$443	$3,304,191	$5,963,992	2013	$7,546,353
DP-01	6,501	$350	2013	$443	$2,879,044	$5,158,799	2013	$6,527,526
205	4,521	$250	2013	$316	$1,430,127	$3,449,204	2013	$4,364,343
213	7,080	$250	2013	$316	$2,239,615	$4,290,416	2013	$5,428,745
214	6,607	$350	2013	$443	$2,925,987	$5,951,284	2013	$7,530,273
206	4,700	$250	2013	$316	$1,486,750	$3,551,493	2013	$4,493,772
204	7,160	$250	2014	$329	$2,355,518	$4,616,741	2014	$6,075,316
207	5,963	$250	2014	$329	$1,961,725	$3,850,820	2014	$5,067,416
212	4,832	$250	2014	$329	$1,589,646	$4,541,092	2014	$5,975,767
203	8,757	$350	2014	$461	$4,033,265	$5,107,072	2014	$6,720,558
208	6,104	$250	2014	$329	$2,008,112	$4,255,289	2014	$5,599,670
211	3,990	$250	2014	$329	$1,312,642	$4,136,021	2014	$5,442,721
201	5,102	$250	2014	$329	$1,678,471	$4,325,123	2014	$5,691,567
202	6,512	$350	2014	$461	$2,999,272	$5,085,912	2014	$6,692,713
209	6,607	$350	2014	$461	$3,043,026	$5,720,247	2014	$7,527,455
210	6,346	$350	2014	$461	$2,922,816	$5,930,356	2014	$7,803,944
MOU Lots North of 101								
West End (5 New Homes)								
50	6,938	$350	2011	$409	$2,840,768	$5,228,304	2011	$6,116,376
51	7,160	$350	2011	$409	$2,931,666	$5,301,183	2011	$6,201,634
49	5,256	$250	2011	$292	$1,537,194	$4,538,378	2011	$5,309,260
52A	6,512	$250	2011	$292	$1,904,530	$4,238,717	2011	$4,958,699
48	6,097	$350	2011	$409	$2,496,420	$6,087,538	2011	$7,121,558
Center Portion (12 New Homes)								
107A	3,990	$350	2011	$409	$1,633,707	$5,176,531	2011	$6,055,809
107B	3,990	$250	2011	$292	$1,166,934	$2,618,732	2011	$3,063,546
134	6,104	$250	2011	$292	$1,785,204	$4,088,165	2011	$4,782,575
135	5,963	$250	2011	$292	$1,743,967	$4,739,731	2011	$5,544,815
105	4,700	$250	2011	$292	$1,374,584	$3,754,604	2011	$4,392,356
108	5,980	$250	2011	$292	$1,748,939	$4,139,743	2011	$4,842,914
133	6,010	$250	2011	$292	$1,757,712	$4,034,432	2011	$4,719,715
136	6,607	$250	2011	$292	$1,932,314	$4,798,322	2011	$5,613,358
104	3,467	$350	2011	$409	$1,419,565	$6,047,092	2011	$7,074,242
109	5,792	$350	2011	$409	$2,371,537	$7,163,617	2011	$8,380,419
137	8,757	$250	2011	$292	$2,561,113	$4,783,407	2011	$5,595,910
160	6,346	$250	2011	$292	$1,855,981	$4,311,619	2011	$5,043,984
East End (7 New Homes)								
163								
185	8,223	$350	2014	$461	$3,787,317	$5,906,222	2014	$7,772,185
164	3,919	$250	2014	$329	$1,289,284	$4,158,633	2014	$5,472,477
186	4,948	$250	2014	$329	$1,627,808	$3,952,909	2014	$5,201,759
195	4,832	$250	2014	$329	$1,589,646	$4,483,512	2014	$5,899,996
187	4,944	$250	2014	$329	$1,626,492	$3,947,253	2014	$5,194,316
188	5,129	$350	2014	$461	$2,362,295	$8,891,339	2014	$11,700,396
193	4,363	$250	2014	$329	$1,435,353	$4,605,722	2014	$6,060,816
South of 101 (21 New Homes)								
West of All MOU Lots (5 New Homes)								
DP-12	8,112	$350	2012	$426	$3,454,321	$6,774,610	2012	$8,242,349
DP-13	6,104	$350	2012	$426	$2,599,257	$7,527,013	2012	$9,157,762
DP-15	3,990	$350	2012	$426	$1,699,056	$5,701,142	2012	$6,936,311
DP-16	5,852	$350	2012	$426	$2,491,948	$8,662,172	2012	$10,538,857
DP-20	6,104	$350	2012	$426	$2,599,257	$8,662,172	2012	$10,538,857
North of Access Road (7 New Homes)								
43	5,847	$350	2012	$426	$2,489,819	$6,572,201	2012	$7,996,087
71	8,112	$350	2012	$426	$3,454,321	$7,223,537	2012	$8,788,537
42	5,992	$350	2012	$426	$2,551,564	$6,583,148	2012	$8,009,406
70	6,035	$350	2012	$426	$2,569,875	$6,579,901	2012	$8,005,456
97	12,524	$400	2012	$487	$6,094,944	$12,575,635	2012	$15,300,183
41	7,676	$350	2012	$426	$3,268,660	$8,712,705	2012	$10,600,338
69	5,144	$350	2012	$426	$2,190,462	$7,407,654	2012	$9,012,544
South of Access Road (9 New Homes)								
12	6,274	$450	2012	$547	$3,434,976	$19,329,809	2012	$23,517,668
35	9,069	$500	2012	$608	$5,516,913	$22,654,871	2012	$27,563,115
39	10,564	$500	2012	$608	$6,426,361	$24,531,857	2012	$29,846,755
63	9,707	$500	2012	$608	$5,905,025	$25,202,644	2012	$30,662,870
66	7,461	$500	2012	$608	$4,538,724	$23,440,167	2012	$28,518,547
91	9,909	$500	2012	$608	$6,027,907	$26,300,784	2012	$31,998,925
93	14,119	$500	2012	$608	$8,588,961	$29,993,843	2012	$36,492,096
119	11,084	$500	2012	$608	$6,742,690	$28,055,936	2012	$34,134,336
122	8,400	$500	2012	$608	$5,109,942	$23,760,151	2012	$28,907,857
Total:					$202,000,626			$709,153,990

Source: **INTEGRA REALTY RESOURCES - LOS ANGELES**, October 2008

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	**ALT 1**																	
2	**SANTA BARBARA RANCH PROJECT**																	
3	**SUMMARY OF NET PRESENT VALUE ANALYSIS**																	
4																		
5	**Cost Item**			**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
6																		
7	Land purchase cost			$28,000,000														
8	Property taxes				$237,500	$237,500	$237,500	$237,500	$237,500	$237,500	$237,500	$237,500	$242,250	$247,095	$252,037	$189,028	$141,771	$70,885
9	Other taxes				$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500						
10	Application filing fee				$10,853	$10,853												
11	Biology reports					$12,750	$12,750	$12,750	$12,750									
12	Geology reports					$9,250	$9,250	$9,250	$9,250									
13	Visual photo simulation for projects by Interacta					$1,286	$1,286	$1,286	$1,286	$1,286	$1,286	$1,286						
14	Fire plan						$14,000											
15	Archeology reports					$20,000	$20,000	$20,000	$20,000									
16	Water management plan and water reports by Hoover					$1,286	$1,286	$1,286	$1,286	$1,286	$1,286	$1,286						
17	Historical report: EDAW 2008											$27,500						
18	Historical report: Nye								$9,000									
19	Environmental site assessment by Russell					$11,000												
20	TDR studies									$47,667	$47,667	$47,667						
21	Environmental impact report									$476,667	$476,667	$476,667						
22	Planners hours						$85,000	$85,000	$85,000	$85,000	$85,000	$85,000	$30,000	$15,000	$5,000	$5,000	$5,000	$5,000
23	Design guidelines											$36,000						
24	Landscape plan										$71,000							
25	Attorney fees							$60,000	$60,000	$60,000	$60,000	$60,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000
26	Architects, structural/electrical/mechanical engineers, work drawinc													$2,314,349	$6,142,849	$3,049,258	$2,633,588	
27	Civil engineer / grading plans												$1,016,667	$1,016,667	$1,016,667			
28	County permit costs												$350,000					
29	Development impact mitigation fees												$259,000	$259,000				
30	Access staircase												$960,000					
31	Department of Real Estate Subdivision Fees												$20,000					
32	General liability and course of construction insurance															$877,550	$435,608	$376,227
33	Promotional / public relations									$40,000	$40,000	$40,000	$40,000	$40,000	$20,000	$20,000	$20,000	$20,000
34	Grading & infrastructure (grading, utilities, streets)													$20,833,333	$20,833,333	$20,833,333		
35	Parking, restroom and trails													$8,000,000				
36	Waste water treatment plant													$500,000				
37	Construction cost of residences														$33,062,133	$87,754,984	$43,560,822	$37,622,687
38																		
39																		
40																		
41	Total Cost By Year			$28,000,000	$255,853	$311,424	$388,571	$434,571	$443,571	$956,905	$1,027,905	$1,020,405	$2,947,917	$33,255,444	$61,362,019	$112,759,152	$46,826,789	$38,124,799
42																		
43																		
44	Costs from Above			-$28,000,000	-$255,853	-$311,424	-$388,571	-$434,571	-$443,571	-$956,905	-$1,027,905	-$1,020,405	-$2,947,917	-$33,255,444	-$61,362,019	-$112,759,152	-$46,826,789	-$38,124,799
45																		
46																		
47																		
48	**Sale Proceeds**																	
49	**Completed Homes**																	
50																		
51	North of 101 (51 New Homes)																	
52																		
53	North of all MOU Lots (27 New Homes)																	
54	DP-11																$21,826,944	
55	DP-09																$6,021,868	
56	DP-80																$6,829,952	
57	DP-10																$6,325,626	
58	DP-07																$6,102,565	
59	DP-06																$6,219,118	
60	215																$5,132,531	
61	216																$4,875,830	
62	DP-03																$6,352,673	
63	DP-02																$6,864,811	
64	DP-04																$7,225,961	
65	DP-05																$7,546,353	
66	DP-01																$6,527,526	
67	205																$4,364,343	
68	213																$5,428,745	
69	214																$7,530,273	
70	206																$4,493,772	
71	204																	$6,075,316
72	207																	$5,067,416
73	212																	$5,975,767
74	203																	$6,720,558
75	208																	$5,599,670
76	211																	$5,442,721
77	201																	$5,691,567
78	202																	$6,692,713
79	209																	$7,527,455
80	210																	$7,803,944
81																		
82	MOU Lots North of 101																	
83	West End (5 New Homes)																	
84	50														$6,116,376			
85	51														$6,201,634			
86	49														$5,309,260			
87	52A														$4,958,699			
88	48														$7,121,558			
89																		
90	Center Portion (12 New Homes)																	
91	107A														$6,055,809			
92	107B														$3,063,546			
93	134														$4,782,575			
94	135														$5,544,815			
95	105														$4,392,356			
96	108														$4,842,914			
97	133														$4,719,715			
98	136														$5,613,358			
99	104														$7,074,242			
100	109														$8,380,419			
101	137														$5,595,910			
102	160														$5,043,984			
103																		
104	East End (7 New Homes)																	
105	163																	
106	185																	$7,772,185
107	164																	$5,472,477
108	186																	$5,201,759
109	195																	$5,899,996
110	187																	$5,194,316
111	188																	$11,700,396
112	193																	$6,060,816
113																		
114	South of 101 (21 New Homes)																	
115																		
116	West of All MOU Lots (5 New Homes)																	
117	DP-12															$8,242,349		
118	DP-13															$9,157,762		
119	DP-15															$6,936,311		
120	DP-16															$10,538,857		
121	DP-20															$10,538,857		
122																		
123	North of Access Road (7 New Homes)																	
124	43															$7,996,087		
125	71															$8,788,537		
126	42															$8,009,406		
127	70															$8,005,456		
128	97															$15,300,183		
129	41															$10,600,338		
130	69															$9,012,544		
131																		
132	South of Access Road (9 New Homes)																	
133	12															$23,517,668		
134	35															$27,563,115		
135	39															$29,846,755		
136	63															$30,662,870		
137	66															$28,518,547		
138	91															$31,998,925		
139	93															$36,492,096		
140	119															$34,134,336		
141	122															$28,907,857		
142																		
143																		
144	Gross Sale Proceeds														$94,817,170	$384,768,856	$119,668,891	$109,899,072
145																		
146	Commissions (4%)														-$3,792,687	-$15,390,754	-$4,786,756	-$4,395,963
147																		
148	Costs of Sales (2%)														-$1,896,343	-$7,695,377	-$2,393,378	-$2,197,981
149																		
150	Net Sale Proceeds														$89,128,140	$361,682,725	$112,488,758	$103,305,128
151																		
152																		
153	**Rate of Return**	**22.07%**																
154																		
155	Period (Year)			-8.00	-7.00	-6.00	-5.00	-4.00	-3.00	-2.00	-1.00	0.00	1.00	2.00	3.00	4.00	5.00	6.00
156																		
157	Present Value Factor			4.9296	4.0384	3.3083	2.7102	2.2203	1.8189	1.4901	1.2207	1.0000	0.8192	0.6711	0.5498	0.4504	0.3690	0.3023
158	(22.07% Discount Rate, Year-End Discounting, Date of Value is July 1, 2008																	
159																		
160																		
161	Present Value of Net Income			-$138,029,738	-$1,033,245	-$1,030,300	-$1,053,125	-$964,869	-$806,806	-$1,425,845	-$1,254,743	-$1,020,405	-$2,414,979	-$22,318,196	$15,265,454	$112,113,706	$24,227,285	$19,701,785
162																		
163																		
164	**Net Present Value of Development Cash Flov**											**$0**						
165																		
166																		
167	Source: **INTEGRA REALTY RESOURCES - LOS ANGELES**, October 2008																	

ALT 1 WITH BLUFF PROTECTION: ACCELERATED PACE
SANTA BARBARA RANCH PROJECT
SCHEDULE OF CONSTRUCTION COSTS AND HOME SALE PRICES

	Residence SF	2007 Construction Cost PSF	Estimated Year of Construction	Estimated Construction Cost PSF in Year of Construction (Based on 4% Annual Inflation)	Estimated Construction Cost (Total) in Year of Construction (Based on 4% Annual Inflation)	2007 Home Value	Estimated Year of Sale	Estimated Sale Price in Year of Sale (Based on 4% Annual Inflation)
North of 101 (51 New Homes)								
North of all MOU Lots (27 New Homes)								
DP-11	8,223	$450	2012	$547	$4,502,042	$17,250,151	2012	$20,987,446
DP-09	6,104	$250	2012	$304	$1,856,612	$4,759,170	2012	$5,790,258
DP-08	8,223	$350	2012	$426	$3,501,588	$5,397,810	2012	$6,567,261
DP-10	6,972	$250	2012	$304	$2,120,626	$4,999,234	2012	$6,082,333
DP-07	5,963	$250	2012	$304	$1,813,725	$4,822,946	2012	$5,867,851
DP-06	6,017	$250	2012	$304	$1,830,150	$4,915,059	2012	$5,979,921
215	5,847	$250	2012	$304	$1,778,442	$4,056,314	2012	$4,935,126
216	4,800	$250	2012	$304	$1,459,983	$3,853,439	2012	$4,688,298
DP-03	7,160	$350	2012	$426	$3,048,932	$5,020,610	2012	$6,108,340
DP-02	8,400	$350	2012	$426	$3,576,960	$5,425,360	2012	$6,600,780
DP-04	6,292	$350	2012	$426	$2,679,313	$5,710,782	2012	$6,948,039
DP-05	7,461	$350	2012	$426	$3,177,107	$5,963,992	2012	$7,256,108
DP-01	6,501	$350	2013	$443	$2,879,044	$5,158,799	2013	$6,527,526
205	4,521	$250	2013	$316	$1,430,127	$3,449,204	2013	$4,364,343
213	7,080	$250	2013	$316	$2,239,615	$4,290,416	2013	$5,428,745
214	6,607	$350	2013	$443	$2,925,987	$5,951,284	2013	$7,530,273
206	4,700	$250	2013	$316	$1,486,750	$3,551,493	2013	$4,493,772
204	7,160	$250	2013	$316	$2,264,921	$4,616,741	2013	$5,841,650
207	5,963	$250	2013	$316	$1,886,274	$3,850,820	2013	$4,872,516
212	4,832	$250	2013	$316	$1,528,505	$4,541,092	2013	$5,745,930
203	8,757	$350	2013	$443	$3,878,140	$5,107,072	2013	$6,462,075
208	6,104	$250	2013	$316	$1,930,877	$4,255,289	2013	$5,384,298
211	3,990	$250	2013	$316	$1,262,156	$4,136,021	2013	$5,233,386
201	5,102	$250	2013	$316	$1,613,914	$4,325,123	2013	$5,472,660
202	6,512	$350	2013	$443	$2,883,915	$5,085,912	2013	$6,435,301
209	6,607	$350	2013	$443	$2,925,987	$5,720,247	2013	$7,237,937
210	6,346	$350	2013	$443	$2,810,400	$5,930,356	2013	$7,503,792
MOU Lots North of 101								
West End (5 New Homes)								
50	6,938	$350	2012	$426	$2,954,398	$5,228,304	2012	$6,361,031
51	7,160	$350	2012	$426	$3,048,932	$5,301,183	2012	$6,449,700
49	5,256	$250	2012	$304	$1,598,682	$4,538,378	2012	$5,521,631
52A	6,512	$250	2012	$304	$1,980,711	$4,238,717	2012	$5,157,047
48	6,097	$350	2012	$426	$2,596,276	$6,087,538	2012	$7,406,421
Center Portion (12 New Homes)								
107A	3,990	$350	2011	$409	$1,633,707	$5,176,531	2011	$6,055,809
107B	3,990	$250	2011	$292	$1,166,934	$2,618,732	2011	$3,063,546
134	6,104	$250	2011	$292	$1,785,204	$4,088,165	2011	$4,782,575
135	5,963	$250	2011	$292	$1,743,967	$4,739,731	2011	$5,544,815
105	4,700	$250	2011	$292	$1,374,584	$3,754,604	2011	$4,392,356
108	5,980	$250	2011	$292	$1,748,939	$4,139,743	2011	$4,842,914
133	6,010	$250	2011	$292	$1,757,712	$4,034,432	2011	$4,719,715
136	6,607	$250	2011	$292	$1,932,314	$4,798,322	2011	$5,613,358
104	3,467	$350	2011	$409	$1,419,565	$6,047,092	2011	$7,074,242
109	5,792	$350	2011	$409	$2,371,537	$7,163,617	2011	$8,380,419
137	8,757	$250	2011	$292	$2,561,113	$4,783,407	2011	$5,595,910
160	6,346	$250	2011	$292	$1,855,981	$4,311,619	2011	$5,043,984
East End (7 New Homes)								
163								
185	8,223	$350	2012	$426	$3,501,588	$5,906,222	2012	$7,185,822
164	3,919	$250	2012	$304	$1,192,016	$4,158,633	2012	$5,059,613
186	4,948	$250	2012	$304	$1,505,000	$3,952,909	2012	$4,809,318
195	4,832	$250	2012	$304	$1,469,717	$4,483,512	2012	$5,454,878
187	4,944	$250	2012	$304	$1,503,783	$3,947,253	2012	$4,802,437
188	5,129	$350	2012	$426	$2,184,074	$8,891,339	2012	$10,817,673
193	4,363	$250	2012	$304	$1,327,064	$4,605,722	2012	$5,603,565
South of 101 (9 New Homes)								
West of All MOU Lots (2 New Homes)								
DP-12	8,112	$350	2011	$409	$3,321,462	$6,774,610	2011	$7,925,335
DP-13	6,104	$350	2011	$409	$2,499,286	$7,527,013	2011	$8,805,541
North of Access Road (7 New Homes)								
43	5,847	$350	2011	$409	$2,394,057	$6,572,201	2011	$7,688,546
71	8,112	$350	2011	$409	$3,321,462	$7,223,537	2011	$8,450,517
42	5,992	$350	2011	$409	$2,453,427	$6,583,148	2011	$7,701,352
70	6,035	$350	2011	$409	$2,471,034	$6,579,901	2011	$7,697,554
97	12,524	$400	2011	$468	$5,860,523	$12,575,635	2011	$14,711,714
41	7,676	$350	2011	$409	$3,142,942	$8,712,705	2011	$10,192,633
69	5,144	$350	2011	$409	$2,106,213	$7,407,654	2011	$8,665,907
Total:					$139,076,297			$397,923,844

Source: **INTEGRA REALTY RESOURCES - LOS ANGELES**, October 2008

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1	**ALT 1 WITH BLUFF PROTECTION: ACCELERATED PACE**																
2	**SANTA BARBARA RANCH PROJECT**																
3	**SUMMARY OF NET PRESENT VALUE ANALYSIS**																
4																	
5	**Cost Item**			**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
6																	
7	Land purchase cost			$28,000,000													
8	Property taxes				$237,500	$237,500	$237,500	$237,500	$237,500	$237,500	$237,500	$237,500	$242,250	$247,095	$252,037	$189,028	$141,771
9	Other taxes				$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500					
10	Application filing fee				$10,853	$10,853											
11	Biology reports					$12,750	$12,750	$12,750	$12,750								
12	Geology reports					$9,250	$9,250	$9,250	$9,250								
13	Visual photo simulation for projects by Interacta					$1,286	$1,286	$1,286	$1,286	$1,286	$1,286	$1,286					
14	Fire plan						$14,000										
15	Archeology reports					$20,000	$20,000	$20,000	$20,000								
16	Water management plan and water reports by Hoover					$1,286	$1,286	$1,286	$1,286	$1,286	$1,286	$1,286					
17	Historical report: EDAW 2008											$27,500					
18	Historical report: Nye								$9,000								
19	Environmental site assessment by Russell					$11,000											
20	TDR studies									$47,667	$47,667	$47,667					
21	Environmental impact report									$476,667	$476,667	$476,667					
22	Planners hours						$85,000	$85,000	$85,000	$85,000	$85,000	$85,000	$30,000	$15,000	$5,000	$5,000	$5,000
23	Design guidelines											$36,000					
24	Landscape plan										$71,000						
25	Attorney fees							$60,000	$60,000	$60,000	$60,000	$60,000	$30,000	$30,000	$30,000	$30,000	$30,000
26	Architects, structural/electrical/mechanical engineers, work drawings													$3,424,537	$3,934,541	$2,376,263	
27	Civil engineer / grading plans												$1,016,667	$1,016,667	$1,016,667		
28	County permit costs												$350,000				
29	Development impact mitigation fees												$259,000	$259,000			
30	Access staircase												$960,000				
31	Department of Real Estate Subdivision Fees												$20,000				
32	General liability and course of construction insurance														$489,220	$562,077	$339,466
33	Promotional / public relations									$40,000	$40,000	$40,000	$40,000	$40,000	$20,000	$20,000	$20,000
34	Grading & infrastructure (grading, utilities, streets)													$16,666,667	$16,666,667	$16,666,667	
35	Parking, restroom and trails													$8,000,000			
36	Waste water treatment plant												$500,000				
37	Construction cost of residences														$48,921,964	$56,207,722	$33,946,611
38																	
39																	
40																	
41	Total Cost By Year			$28,000,000	$255,853	$311,424	$388,571	$434,571	$443,571	$956,905	$1,027,905	$1,020,405	$3,447,917	$29,698,966	$71,336,094	$76,056,756	$34,482,848
42																	
43	**Costs from Above**			-$28,000,000	-$255,853	-$311,424	-$388,571	-$434,571	-$443,571	-$956,905	-$1,027,905	-$1,020,405	-$3,447,917	-$29,698,966	-$71,336,094	-$76,056,756	-$34,482,848
44																	
45																	
46																	
47	**Sale Proceeds**																
48	**Completed Homes**																
49																	
50	**North of 101 (51 New Homes)**																
51																	
52	North of all MOU Lots (27 New Homes)																
53	DP-11															$20,987,446	
54	DP-09															$5,790,258	
55	DP-08															$6,567,261	
56	DP-10															$6,082,333	
57	DP-07															$5,867,851	
58	DP-06															$5,979,921	
59	215															$4,935,126	
60	216															$4,688,298	
61	DP-03															$6,108,340	
62	DP-02															$6,600,780	
63	DP-04															$6,948,039	
64	DP-05															$7,256,108	
65	DP-01															$6,527,526	
66	205																$4,364,343
67	213																$5,428,745
68	214																$7,530,273
69	206																$4,493,772
70	204																$5,841,650
71	207																$4,872,516
72	212																$5,745,930
73	203																$6,462,075
74	208																$5,384,298
75	211																$5,233,386
76	201																$5,472,660
77	202																$6,435,301
78	209																$7,237,937
79	210																$7,503,792
80																	
81	MOU Lots North of 101																
82	West End (5 New Homes)																
83	50															$6,361,031	
84	51															$6,449,700	
85	49															$5,521,631	
86	52A															$5,157,047	
87	48															$7,406,421	
88																	
89	Center Portion (12 New Homes)																
90	107A														$6,055,809		
91	107B														$3,063,546		
92	134														$4,782,575		
93	135														$5,544,815		
94	105														$4,392,356		
95	108														$4,842,914		
96	133														$4,719,715		
97	136														$5,613,358		
98	104														$7,074,242		
99	109														$8,380,419		
100	137														$5,595,910		
101	160														$5,043,984		
102																	
103	East End (7 New Homes)																
104	163																
105	185															$7,185,822	
106	164															$5,059,613	
107	186															$4,809,318	
108	195															$5,454,878	
109	187															$4,802,437	
110	188															$10,817,673	
111	193															$5,603,565	
112	243																
113																	
114	**South of 101 (9 New Homes)**																
115																	
116	West of All MOU Lots (2 New Homes)																
117	DP-12														$7,925,335		
118	DP-13														$8,805,541		
119																	
120	North of Access Road (7 New Homes)																
121	43														$7,688,546		
122	71														$8,450,517		
123	42														$7,701,352		
124	70														$7,697,554		
125	97														$14,711,714		
126	41														$10,192,633		
127	69														$8,665,907		
128																	
129																	
130																	
131	Gross Sale Proceeds														$146,948,742	$168,968,423	$82,006,678
132																	
133	Commissions (4%)														-$5,877,950	-$6,758,737	-$3,280,267
134																	
135	Costs of Sales (2%)														-$2,938,975	-$3,379,368	-$1,640,134
136																	
137	Net Sale Proceeds														$138,131,817	$158,830,318	$77,086,277
138																	
139																	
140	**Rate of Return**	**14.39%**															
141																	
142	Period (Year)			-8.00	-7.00	-6.00	-5.00	-4.00	-3.00	-2.00	-1.00	0.00	1.00	2.00	3.00	4.00	5.00
143																	
144	Present Value Factor			2.9316	2.5628	2.2404	1.9586	1.7122	1.4968	1.3085	1.1439	1.0000	0.8742	0.7642	0.6681	0.5840	0.5106
145	(14.39% Discount Rate, Year-End Discounting, Date of Value is July 1, 2008																
146																	
147																	
148	Present Value of Net Income			-$82,084,756	-$655,703	-$697,720	-$761,046	-$744,069	-$663,938	-$1,252,117	-$1,175,820	-$1,020,405	-$3,014,177	-$22,696,830	$44,625,642	$48,343,646	$21,752,254
149																	
150																	
151	**Net Present Value of Development Cash Flow**											**$0**					
152																	
153																	
154	Source: **INTEGRA REALTY RESOURCES - LOS ANGELES**, October 2008																
155																	

ALT 1 WITH BLUFF PROTECTION: MODERATE PACE
SANTA BARBARA RANCH PROJECT
SCHEDULE OF CONSTRUCTION COSTS AND HOME SALE PRICES

	Residence SF	2007 Construction Cost PSF	Estimated Year of Construction	Estimated Construction Cost PSF in Year of Construction (Based on 4% Annual Inflation)	Estimated Construction Cost (Total) in Year of Construction (Based on 4% Annual Inflation)	2007 Home Value	Estimated Year of Sale	Estimated Sale Price in Year of Sale (Based on 4% Annual Inflation)
North of 101 (51 New Homes)								
North of all MOU Lots (27 New Homes)								
DP-11	8,223	$450	2014	$592	$4,869,408	$17,250,151	2014	$22,700,022
DP-09	6,104	$250	2014	$329	$2,008,112	$4,759,170	2014	$6,262,743
DP-08	8,223	$350	2014	$461	$3,787,317	$5,397,810	2014	$7,103,150
DP-10	6,972	$250	2014	$329	$2,293,669	$4,999,234	2014	$6,578,651
DP-07	5,963	$250	2014	$329	$1,961,725	$4,822,946	2014	$6,346,668
DP-06	6,017	$250	2014	$329	$1,979,490	$4,915,059	2014	$6,467,882
215	5,847	$250	2014	$329	$1,923,563	$4,056,314	2014	$5,337,832
216	4,800	$250	2014	$329	$1,579,118	$3,853,439	2014	$5,070,863
DP-03	7,160	$350	2014	$461	$3,297,725	$5,020,610	2014	$6,606,780
DP-02	8,400	$350	2014	$461	$3,868,839	$5,425,360	2014	$7,139,404
DP-04	6,292	$350	2014	$461	$2,897,945	$5,710,782	2014	$7,515,000
DP-05	7,461	$350	2014	$461	$3,436,358	$5,963,992	2014	$7,848,207
DP-01	6,501	$350	2014	$461	$2,994,205	$5,158,799	2014	$6,788,628
205	4,521	$250	2014	$329	$1,487,332	$3,449,204	2014	$4,538,917
213	7,080	$250	2014	$329	$2,329,199	$4,290,416	2014	$5,645,895
214	6,607	$350	2014	$461	$3,043,026	$5,951,284	2014	$7,831,484
206	4,700	$250	2014	$329	$1,546,220	$3,551,493	2014	$4,673,523
204	7,160	$250	2014	$329	$2,355,518	$4,616,741	2014	$6,075,316
207	5,963	$250	2014	$329	$1,961,725	$3,850,820	2014	$5,067,416
212	4,832	$250	2014	$329	$1,589,646	$4,541,092	2014	$5,975,767
203	8,757	$350	2014	$461	$4,033,265	$5,107,072	2014	$6,720,558
208	6,104	$250	2014	$329	$2,008,112	$4,255,289	2014	$5,599,670
211	3,990	$250	2014	$329	$1,312,642	$4,136,021	2014	$5,442,721
201	5,102	$250	2014	$329	$1,678,471	$4,325,123	2014	$5,691,567
202	6,512	$350	2014	$461	$2,999,272	$5,085,912	2014	$6,692,713
209	6,607	$350	2014	$461	$3,043,026	$5,720,247	2014	$7,527,455
210	6,346	$350	2014	$461	$2,922,816	$5,930,356	2014	$7,803,944
MOU Lots North of 101								
West End (5 New Homes)								
50	6,938	$350	2013	$443	$3,072,574	$5,228,304	2013	$6,615,472
51	7,160	$350	2013	$443	$3,170,889	$5,301,183	2013	$6,707,688
49	5,256	$250	2013	$316	$1,662,629	$4,538,378	2013	$5,742,496
52A	6,512	$250	2013	$316	$2,059,939	$4,238,717	2013	$5,363,329
48	6,097	$350	2013	$443	$2,700,128	$6,087,538	2013	$7,702,678
Center Portion (12 New Homes)								
107A	3,990	$350	2013	$443	$1,767,018	$5,176,531	2013	$6,549,963
107B	3,990	$250	2013	$316	$1,262,156	$2,618,732	2013	$3,313,531
134	6,104	$250	2013	$316	$1,930,877	$4,088,165	2013	$5,172,833
135	5,963	$250	2013	$316	$1,886,274	$4,739,731	2013	$5,997,272
105	4,700	$250	2013	$316	$1,486,750	$3,754,604	2013	$4,750,772
108	5,980	$250	2013	$316	$1,891,652	$4,139,743	2013	$5,238,096
133	6,010	$250	2013	$316	$1,901,142	$4,034,432	2013	$5,104,844
136	6,607	$250	2013	$316	$2,089,991	$4,798,322	2013	$6,071,408
104	3,467	$350	2013	$443	$1,535,401	$6,047,092	2013	$7,651,501
109	5,792	$350	2013	$443	$2,565,055	$7,163,617	2013	$9,064,261
137	8,757	$250	2013	$316	$2,770,100	$4,783,407	2013	$6,052,536
160	6,346	$250	2013	$316	$2,007,429	$4,311,619	2013	$5,455,574
East End (7 New Homes)								
163								
185	8,223	$350	2013	$443	$3,641,651	$5,906,222	2013	$7,473,255
164	3,919	$250	2013	$316	$1,239,696	$4,158,633	2013	$5,261,997
186	4,948	$250	2013	$316	$1,565,200	$3,952,909	2013	$5,001,691
195	4,832	$250	2013	$316	$1,528,505	$4,483,512	2013	$5,673,073
187	4,944	$250	2013	$316	$1,563,934	$3,947,253	2013	$4,994,534
188	5,129	$350	2013	$443	$2,271,437	$8,891,339	2013	$11,250,380
193	4,363	$250	2013	$316	$1,380,147	$4,605,722	2013	$5,827,708
South of 101 (9 New Homes)								
West of All MOU Lots (2 New Homes)								
DP-12	8,112	$350	2012	$426	$3,454,321	$6,774,610	2012	$8,242,349
DP-13	6,104	$350	2012	$426	$2,599,257	$7,527,013	2012	$9,157,762
North of Access Road (7 New Homes)								
43	5,847	$350	2012	$426	$2,489,819	$6,572,201	2012	$7,996,087
71	8,112	$350	2012	$426	$3,454,321	$7,223,537	2012	$8,788,537
42	5,992	$350	2012	$426	$2,551,564	$6,583,148	2012	$8,009,406
70	6,035	$350	2012	$426	$2,569,875	$6,579,901	2012	$8,005,456
97	12,524	$400	2012	$487	$6,094,944	$12,575,635	2012	$15,300,183
41	7,676	$350	2012	$426	$3,268,660	$8,712,705	2012	$10,600,338
69	5,144	$350	2012	$426	$2,190,462	$7,407,654	2012	$9,012,544
Total:					$146,831,546			$420,202,328

Source: **INTEGRA REALTY RESOURCES - LOS ANGELES**, October 2008

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	**ALT 1 WITH BLUFF PROTECTION: MODERATE PACE**																	
2	**SANTA BARBARA RANCH PROJECT**																	
3	**SUMMARY OF NET PRESENT VALUE ANALYSIS**																	
4																		
5																		
6	**Cost Item**			**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
7																		
8	Land purchase cost			$28,000,000														
9	Property taxes				$237,500	$237,500	$237,500	$237,500	$237,500	$237,500	$237,500	$237,500	$242,250	$247,095	$252,037	$189,028	$141,771	$70,885
10	Other taxes				$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500						
11	Application filing fee				$10,853	$10,853												
12	Biology reports					$12,750	$12,750	$12,750	$12,750									
13	Geology reports					$9,250	$9,250	$9,250	$9,250									
14	Visual photo simulation for projects by Interacta					$1,286	$1,286	$1,286	$1,286	$1,286	$1,286	$1,286						
15	Fire plan						$14,000											
16	Archeology reports					$20,000	$20,000	$20,000	$20,000									
17	Water management plan and water reports by Hoover					$1,286	$1,286	$1,286	$1,286	$1,286	$1,286	$1,286						
18	Historical report: EDAW 2008											$27,500						
19	Historical report: Nye								$9,000									
20	Environmental site assessment by Russell					$11,000												
21	TDR studies									$47,667	$47,667	$47,667						
22	Environmental impact report									$476,667	$476,667	$476,667						
23	Planners hours						$85,000	$85,000	$85,000	$85,000	$85,000	$85,000	$30,000	$15,000	$5,000	$5,000	$5,000	$5,000
24	Design guidelines											$36,000						
25	Landscape plan										$71,000							
26	Attorney fees							$60,000	$60,000	$60,000	$60,000	$60,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000
27	Architects, structural/electrical/mechanical engineers, work drawing														$2,007,126	$3,426,540	$4,844,542	
28	Civil engineer / grading plans												$1,016,667	$1,016,667	$1,016,667			
29	County permit costs												$350,000					
30	Development impact mitigation fees												$259,000	$259,000				
31	Access staircase												$960,000					
32	Department of Real Estate Subdivision Fees												$20,000					
33	General liability and course of construction insurance															$286,732	$489,506	$692,077
34	Promotional / public relations									$40,000	$40,000	$40,000	$40,000	$40,000	$20,000	$20,000	$20,000	$20,000
35	Grading & infrastructure (grading, utilities, streets)													$16,666,667	$16,666,667	$16,666,667		
36	Parking, restroom and trails													$8,000,000				
37	Waste water treatment plant												$500,000					
38	Construction cost of residences															$28,673,224	$48,950,574	$69,207,747
39																		
40																		
41																		
42	Total Cost By Year			$28,000,000	$255,853	$311,424	$388,571	$434,571	$443,571	$956,905	$1,027,905	$1,020,405	$3,447,917	$26,274,428	$19,997,496	$49,297,191	$54,481,393	$70,025,710
43																		
44																		
45	**Costs from Above**			-$28,000,000	-$255,853	-$311,424	-$388,571	-$434,571	-$443,571	-$956,905	-$1,027,905	-$1,020,405	-$3,447,917	-$26,274,428	-$19,997,496	-$49,297,191	-$54,481,393	-$70,025,710
46																		
47																		
48																		
49	**Sale Proceeds**																	
50	**Completed Homes**																	
51																		
52	**North of 101 (51 New Homes)**																	
53																		
54	North of all MOU Lots (27 New Homes)																	
55	DP-11																	$22,700,022
56	DP-09																	$6,262,743
57	DP-08																	$7,103,150
58	DP-10																	$6,578,651
59	DP-07																	$6,346,668
60	DP-06																	$6,467,882
61	215																	$5,337,832
62	216																	$5,070,863
63	DP-03																	$6,606,780
64	DP-02																	$7,139,404
65	DP-04																	$7,515,000
66	DP-05																	$7,848,207
67	DP-01																	$6,788,628
68	205																	$4,538,917
69	213																	$5,645,895
70	214																	$7,831,484
71	206																	$4,673,523
72	204																	$6,075,316
73	207																	$5,067,416
74	212																	$5,975,767
75	203																	$6,720,558
76	208																	$5,599,670
77	211																	$5,442,721
78	201																	$5,691,567
79	202																	$6,692,713
80	209																	$7,527,455
81	210																	$7,803,944
82																		
83	MOU Lots North of 101																	
84	West End (5 New Homes)																	
85	50																$6,615,472	
86	51																$6,707,688	
87	49																$5,742,496	
88	52A																$5,363,329	
89	48																$7,702,678	
90																		
91	Center Portion (12 New Homes)																	
92	107A																$6,549,963	
93	107B																$3,313,531	
94	134																$5,172,833	
95	135																$5,997,272	
96	105																$4,750,772	
97	108																$5,238,096	
98	133																$5,104,844	
99	136																$6,071,408	
100	104																$7,651,501	
101	109																$9,064,261	
102	137																$6,052,536	
103	160																$5,455,574	
104																		
105	East End (7 New Homes)																	
106	163																	
107	185																$7,473,255	
108	164																$5,261,997	
109	186																$5,001,691	
110	195																$5,673,073	
111	187																$4,994,534	
112	188																$11,250,380	
113	193																$5,827,708	
114																		
115	**South of 101 (9 New Homes)**																	
116																		
117	West of All MOU Lots (2 New Homes)																	
118	DP-12															$8,242,349		
119	DP-13															$9,157,762		
120																		
121	North of Access Road (7 New Homes)																	
122	43															$7,996,087		
123	71															$8,788,537		
124	42															$8,009,406		
125	70															$8,005,456		
126	97															$15,300,183		
127	41															$10,600,338		
128	69															$9,012,544		
129																		
130																		
131																		
132	Gross Sale Proceeds															$85,112,662	$148,036,892	$187,052,776
133																		
134	Commissions (4%)															-$3,404,506	-$5,921,476	-$7,482,111
135																		
136	Costs of Sales (2%)															-$1,702,253	-$2,960,738	-$3,741,056
137																		
138	Net Sale Proceeds															$80,005,902	$139,154,678	$175,829,609
139																		
140																		
141	**Rate of Return**	**12.70%**																
142																		
143	Period (Year)			-8.00	-7.00	-6.00	-5.00	-4.00	-3.00	-2.00	-1.00	0.00	1.00	2.00	3.00	4.00	5.00	6.00
144																		
145	Present Value Factor			2.6025	2.3092	2.0490	1.8181	1.6132	1.4314	1.2701	1.1270	1.0000	0.8873	0.7873	0.6986	0.6199	0.5500	0.4880
146	(12.70% Discount Rate, Year-End Discounting, Date of Value is July 1, 2008																	
147																		
148																		
149	Present Value of Net Income			-$72,870,099	-$590,824	-$638,111	-$706,465	-$701,063	-$634,944	-$1,215,392	-$1,158,449	-$1,020,405	-$3,059,376	-$20,686,425	-$13,970,240	$19,035,572	$46,572,208	$51,636,664
150																		
151																		
152	**Net Present Value of Development Cash Flow**											**$0**						
153																		
154																		
155	Source: INTEGRA REALTY RESOURCES - LOS ANGELES, October 2008																	

CONCLUSION

As shown in the preceding analyses, the "Alt 1 with Bluff Protection" development scenario (which includes the future development of a total of 60 single family residences) is deemed to be "financially feasible" based on the key elements of cost, expected market performance, and an internal rate of return requirement of 12%.

The anticipated rates of return indicated by our analysis, as presented on the preceding pages, are summarized as follows:

Development Scenario	*Includes Development on 9 Bluff-Top Lots and 3 Lots on Site of Ancient Village*	*Anticipated Rate of Return*
Alt 1	Yes	22.07%
Alt 1 with Bluff Protection (Accelerated Pace)	No	14.39%
Alt 1 with Bluff Protection (Moderate Pace)	No	12.70%

Documentation and photographs relevant to this appraisal consulting assignment are retained in our work file. Thank you for the opportunity to be of service. If you have any questions or comments, please contact us.

Sincerely,

INTEGRA REALTY RESOURCES – LOS ANGELES

John G. Ellis, MAI, CRE, FRICS
Certified General Real Estate Appraiser
California Certificate No. AG007279

Aaron Z. Aftergut
Certified General Real Estate Appraiser
California Certificate No. AG040789

Enclosed: Certification
Assumptions and Limiting Conditions
Professional Qualifications

CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute, which includes the *Uniform Standards of Professional Appraisal Practice (USPAP).*
8. John G. Ellis, MAI, CRE, FRICS inspected portions of the subject property on July 9, 2007. Aaron Z. Aftergut has not inspected the subject property.
9. No other person provided significant real property appraisal assistance to the persons signing this certification.
10. This appraisal is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
11. We have not relied on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.
12. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of *USPAP*.

13. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

14. As of the date of this report, John G. Ellis, MAI, CRE, FRICS has completed the continuing education program of the Appraisal Institute.

John G. Ellis, MAI, CRE, FRICS	Aaron Z. Aftergut
Certified General Real Estate Appraiser	Certified General Real Estate Appraiser
California Certificate No. AG007279	California Certificate No. AG040789

ASSUMPTIONS AND LIMITING CONDITIONS

1. In conducting this appraisal, we have assumed, except as otherwise noted in our report, as follows:

2. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
3. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
4. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

7. Our appraisal report is subject to the following limiting conditions, except as otherwise noted in our report.

8. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
9. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the affect of subsequent events.
10. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
11. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
12. We are not required to give testimony or to be in attendance in court or any government or other hearing with reference to the property without written contractual arrangements having been made relative to such additional employment.
13. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

14. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.

15. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.

16. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. This appraisal report shall be considered only in its entirety. No part of this appraisal report shall be utilized separately or out of context.

17. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without prior written consent from Integra Realty Resources.

18. Information, estimates and opinions contained in this report, obtained from sources outside of the office of the undersigned, are assumed to be reliable and have not been independently verified.

19. Any income and expense estimates contained in this appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

20. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.

21. No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.

22. The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.

23. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

24. The analyses contained in this report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and

economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

25. The *Americans with Disabilities Act (ADA)* became effective January 26, 1992. We have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the *ADA* accessibility guidelines. In as much as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, we cannot comment on compliance to *ADA*. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

26. This appraisal report has been prepared for the benefit the client. It may not be used or relied upon by any other party. All parties who use or rely upon any information in this report without our written consent do so at their own risk.

27. No studies have been provided to us indicating the presence or absence of hazardous materials on the site or in the improvements, and our valuation is predicated upon the property being free and clear of any environmental hazards.

28. We have not been provided with any evidence or documentation as to the presence or location of any floodplain areas and/or wetlands. Wetlands generally include swamps, marshes, bogs, and similar areas. We are not qualified to detect such areas. The presence of floodplain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

29. Our value conclusions relate to the real property only and do not include business goodwill, fixtures, equipment, or personal property.

JOHN G. ELLIS, MAI, CRE, FRICS
PROFESSIONAL QUALIFICATIONS

EXPERIENCE:

Mr. Ellis, the Managing Director of INTEGRA REALTY RESOURCES – LOS ANGELES, has provided real estate appraisal services in Southern California continuously since 1980. Property types which he has appraised include office buildings, shopping centers, industrial buildings, apartment and condominium complexes (including affordable housing projects), subdivisions, mobile home parks, hotels, motels, restaurants, religious facilities, bowling alleys, golf courses, gas stations, car washes, motion picture and performing arts theaters, cold storage and food processing facilities, parking structures, transit-oriented development projects, shipping terminals and other types of waterfront property, industrial, commercial and residential acreage, agricultural land, mountainous and hillside acreage, utility and transportation corridors (in fee and as easements), designated open space, and single family residences including major estates.

Mr. Ellis has completed a wide range of specialized studies including value diminution (from both internal and external influences), market demand, feasibility, severance damages and project benefits, investment analysis, assessment allocation, reuse analysis, and the valuation of partial interests including leasehold, leased fee, possessory interests, and minority interests. In addition, he is an active instructor of appraisal courses and seminars, has provided more than 17 years of volunteer service to the Appraisal Institute, and is a past President of the Southern California Chapter of the Appraisal Institute. Mr. Ellis has given expert testimony in federal and superior courts on more than two dozen occasions. He also provides appraisal reviews and consultation services when needed, and is an experienced arbitrator. Mr. Ellis serves a client base that includes lending institutions, public agencies, corporate and individual property owners, and the legal profession.

From 1980 to 1996 Mr. Ellis was with the Los Angeles-based real estate appraisal firm of Lea Associates, Inc., most recently as Principal and Senior Vice President. He founded the firm of Ellis Group in 1996, which became INTEGRA REALTY RESOURCES – LOS ANGELES in 1999.

PROFESSIONAL MEMBERSHIPS AND LICENSES:

Member:	Appraisal Institute (MAI No. 7337) (Over 17 years of volunteer work on boards and committees of the Appraisal Institute; past president of the Southern California Chapter of the Appraisal Institute)
Member:	The Counselors of Real Estate (CRE No. 11254)
Fellow:	Royal Institution of Chartered Surveyors (FRICS No. 1250862)
Member:	International Right of Way Association
Licensed:	California Certified General Real Estate Appraiser No. AG007279
Licensed:	California Real Estate Broker No. 01213329

EXPERT TESTIMONY:

Mr. Ellis is qualified as an expert witness in real estate valuation matters and has testified before:

- Superior Courts within the California counties of Los Angeles, Orange, Riverside, San Bernardino, and Imperial; and within the Third Judicial District of Alaska
- United States District Court
- United States Bankruptcy Courts: Central, Northern, and Southern Districts of California
- Tax Appeal Boards: Los Angeles and Orange counties
- Arbitration testimony at hearings in Los Angeles, Orange and San Diego counties
- Rent Control Boards: cities of Santa Monica, West Hollywood, and Carson (MRRB)

He has also been appointed by the Superior Court of Los Angeles County on several occasions to assist in reconciling the disparate opinions of opposing, privately retained valuation experts

COURSE AND SEMINAR INSTRUCTOR/LECTURER:

- "Capitalization Theory and Techniques" (nationally approved instructor for the Appraisal Institute)
- "Income Property Appraisal," UCLA Extension
- "Appraiser's Role in Litigation," UCLA Extension
- "Practical Aspects of Real Estate Appraisal – 1" (OREA-approved instructor)
- Various seminars and lectures written for and presented to the Appraisal Institute, the International Right of Way Association, the International Association of Assessing Officers, UCLA, and California State University at Northridge

SEMINAR PRESENTATIONS AND SPEAKING ENGAGEMENTS:

- *Industrial Property Trends: Los Angeles County and the Inland Empire* (Southern California Chapter of the Appraisal Institute, 14th Annual Summer Conference, July 31, 2008)
- *California School Districts' Property and Acquisition and Disposition Update* (IRWA Chapter 1, Annual Valuation Conference, April 22, 2008)
- *A Market in Flux: Los Angeles and Orange Counties Retail Properties* (Urban Land Institute Conference, Reinventing Retail, February 14, 2008)
- *California Property in a Global Economy* (Global Property Valuation Excellence, Appraisal Institute/RICS Americas Joint Valuation Conference, September 25, 2007)
- *Considering the Contributory Value of Interim Use Improvements* (Special Purpose Properties Seminar, Appraisal Institute, May 25, 2007)
- *Partial Takings in Multi-Property Appraisal Assignments* (IRWA Chapter 1, Annual Valuation Conference, April 26, 2005)
- Moderator of the Annual Litigation Seminar of the Southern California Chapter of the Appraisal Institute (2005 and 1999)
- *Appraiser's Role in Redevelopment* (Appraisal Institute, 1998)
- *Deposition and Cross-Examination Skills* (IRWA, April 1997)
- *Entertainment Properties* (Moderator, 1997)
- *Land Valuation in Southern California* (Appraisal Institute, 1996)

PUBLISHED ARTICLES:

"Los Angeles Apartment Trends," published in *Western Real Estate Business*, November 2007.

"Can Downtown Support Another High-Rise?" published in *Real Estate Southern California*, March 2007.

The Special Nature of Property Tax Appraisals, co-authored with Kathy Spletter and Cris K. O'Neall, published by Institute for Professionals in Taxation, June 2006.

EDUCATION:

B.A., Business/Economics, University of California, Los Angeles (1981)

Mr. Ellis is currently certified by the Appraisal Institute's program of continuing education for its designated members. He successfully completed the following courses and other requirements of the MAI designation through the Appraisal Institute and American Institute of Real Estate Appraisers:

- Real Estate Appraisal Principles
- Basic Valuation Procedures
- Capitalization Theory and Techniques, Parts I, II, III
- Case Studies in Real Estate Valuation
- Report Writing and Valuation Analysis
- Real Estate Investment Analysis
- Standards of Professional Practice
- Income Property Demonstration Report
- Comprehensive Examination

He has attended (and in some cases participated in) the following courses, seminars, workshops:

- Business Practices and Ethics (AI/RICS, October 2007)
- Public Real Estate Education Symposium (IRWA, 2007)
- Litigation Seminar (Appraisal Institute, 2006, 2004, 2003, 2001)
- Uniform Appraisal Standards for Federal Land Acquisitions (Appraisal Institute, 2006)
- Contemporary Approaches to Land Valuation (Appraisal Institute, 2005)
- Inland Empire Market Trends Seminar (Appraisal Institute, 2005, 2000)
- Operating Expense Seminar (Appraisal Institute, 2005)
- Real Estate Outlook (CSUN Center for Real Estate, 2005)
- Market Trends in Ventura and Santa Barbara Counties (Appraisal Institute, 2003)
- The Aftermath: Our World Post-September 11 (Appraisal Institute, 2002)
- Market Rent, Lease Revaluation and Leasehold Interests (Appraisal Institute, 2001)
- Real Estate Capital Markets Symposium (Appraisal Institute, 2001)
- Charitable Gift Giving in Real Estate (Appraisal Institute, 2001)
- Past & Present Building & Land Values Along Ventura Blvd. (Appraisal Institute, 2000)
- Southern California Market Trends Seminar (Appraisal Institute)
- Attacking & Defending an Appraisal in Litigation (Appraisal Institute)
- The Entitlement Process (Appraisal Institute)
- Analysis of Retail Properties (Appraisal Institute)
- Appraisal of Residential Subdivisions (Appraisal Institute)

- California Real Estate Law (UCLA)
- Construction Cost Analysis (Appraisal Institute)
- Economic Forecast Workshops (Appraisal Institute)
- Financing for Real Estate Projects (Appraisal Institute)
- Impact of Detrimental Conditions (Appraisal Institute)
- The New Home Market in Southern California (Appraisal Institute)
- Valuation of Minority Interests (Appraisal Institute)

AARON Z. AFTERGUT
PROFESSIONAL QUALIFICATIONS

EXPERIENCE:

Mr. Aftergut, Appraiser, has been employed in the commercial real estate industry in Southern California since 1998 and has been actively involved in real estate appraisal since 2001, when he joined INTEGRA REALTY RESOURCES – LOS ANGELES. Since 2004 he has also been the firm's Manager of Research Services. He is experienced in providing real estate research, analysis, and appraisal services to many Southern California cities and other public agencies, lenders, institutional investors, corporations, and law firms. Mr. Aftergut has been involved in the appraisal of all types of vacant land, from small urban parcels to tracts with several hundred acres at varying levels of entitlement status. He has also appraised warehouse, distribution, and manufacturing industrial properties; office buildings; retail centers; gas stations; apartment complexes; and other residential properties. His work is sometimes used in the setting of market rent for lease renewals, and in other matters related to litigation support.

Significant, recent projects include large, multi-parcel appraisal assignments with both full and part-take valuations in Anaheim, Bellflower, Los Angeles, Paramount, San Bernardino, and San Dimas. He also recently appraised a 400+ acre holding of raw industrial land in the San Gabriel Valley, and addressed a variety of severance damages issues related to a street widening project in Riverside.

Mr. Aftergut has recently appraised 40± acres of expansion commercial land adjacent to the Valencia Town Center regional mall and a 20± acre industrial site along the Alameda Corridor in South Los Angeles. He has also completed a market study used in the analysis of the feasibility of a proposed 650,000± square-foot, multi-tenant industrial and commercial development near the intersection of Interstate 5 and Highway 126 in northwestern Los Angeles County.

Prior to joining IRR-LA, Mr. Aftergut worked in commercial real estate brokerage and for an Internet-based real estate research and marketing firm.

PROFESSIONAL ACTIVITIES:

Licensed: California Certified General Real Estate Appraiser No. AG040789

EDUCATION:

B.A., History, Yeshiva University, New York, New York (1998)

Successful completion of the following Appraisal Institute courses and seminars:

- Course 110 – Appraisal Principles
- Course 120 – Appraisal Procedures
- Course 310 – Basic Income Capitalization
- Course 410 – Standards of Professional Practice, Part A
- Course 510 – Advanced Income Capitalization
- Special Purpose Properties (Appraisal Institute seminar, 2005)
- Contemporary Approaches to Land Valuation (Appraisal Institute seminar, 2005)