



TO:

RE: Commercial Investment Summary (DEMO)

12345 Ocean Breeze Ave.
Redondo Beach, CA. 90250

COMPARABLE MARKET ANALYSIS (CMA) / BROKER PRICING OPINION (BPO)

NAI Capital has completed a preliminary review of the information provided for the above referenced property based upon current economic and market conditions, including a market rent survey, vacancy and occupancy analysis, comparable sold properties, available financing options with current underwriting guidelines with a "Mark to Market Decline" analysis. In addition, a review of potential competing properties that are current for sale if applicable.

This proposal is our Broker Pricing Opinion or "BPO" for marketing your property per your request. The following properties included are the most recent available closed transactions, however, due to the change in the market from 2008 to current, we have made economic adjustments consistent current lending, appraisal and investment underwriting. In our opinion, the current range of value is from \$10,000,000 to \$10,500,000 depending upon marketing exposure, pricing and available financing. NAI capital will provide you professional advisory representation to exclusively market your property. Please see marketing outline menu of options .

RECENT CLOSED TRANSACTIONS

	ADDRESS	CITY, ZIP	# UNITS	VALUE PER SQ FT	CAP RATE	AVG RENT SQ FT	TOTAL NRA	TOTAL GBA
1	100 Beach Street	Redondo Beach, CA. 90250	44,700	\$190	6.75%	\$1.70	46,500	\$46,500
2	200 Beach Street	Redondo Beach, CA. 90250	40,000	\$200	6.88%	\$1.70	42,000	\$42,000
3	300 Beach Street	Redondo Beach, CA. 90250	42,500	\$212	6.25%	\$1.70	44,000	\$44,000
4	0	0	0	#DIV/0!	0.00%	\$0.00	0	\$0
5	0	0	0	#DIV/0!	0.00%	\$0.00	0	\$0
6	0	0	0	#DIV/0!	0.00%	\$0.00	0	\$0

SUBJECT PROPERTY

12345 Ocean Breeze Ave. Redondo Beach, CA. 90250 32 \$192 6.68% \$1.72 47,559 \$52,000

Subject Property: Condition of Building: _____ Condition & Age of Roof: _____ Type of Roof: _____ Age of Plumbing: _____, Type of Plumbing: _____ Type of Parking: _____ Amenities: _____

Current Economic & Market Conditions (Mark to Market Decline): The current market for apartment buildings has declined from the 2007-2008 growth momentum. Rents have declined and vacancies have increased. Landlords are offering rent concessions, move in specials and existing tenant rent reductions. Cap Rates have increased from the 2007-2008 market range of 5% to 5.50% to a current estimated Cap Rate range from 6% to 7%. Current lenders are reviewing appraisals with mandated Cap Rates from 6% to 7%.

2008 Sales Comparables: Sales comparables dated from 2nd to 3rd quarter 2008 were driven with late 2007 momentum, typically with a 3 to 6 month marketing period, and a 2 to 3 month escrow and 2 to 3 month pre-listing process. Financing was abundantly available with portfolio lending banks that used market rent analysis and DCR's from 1.05 to 1.15, Capital Markets (CMBS) lenders at 1.00 to 1.20 DCR's and Loan to value ranges were from 75% to 80% LTV.

2009 Financing: Current financing includes portfolio lending banks up to 75%, however, DCR's have recently increased from 1.15 to 1.25 and the rent roll and collection analysis consists of a trailing 12 months trend to check turnover, concessions and delinquency to determine the physical vacancy. Current Lenders, professional investors and appraisal underwriting are basing Cap Rates at or above prevailing interest rates.

12 POINT MARKETING PLAN

NAI Capital offers full service brokerage exposure or our discreet marketing approach. The “Discreet” marketing approach includes our outline below, however, it is only offered to experienced, seasoned and qualified professionals and or investors. Our concept is to thoroughly analyze your property using appraisal methodology comparison, current financing options and adjustments for the current economic conditions in the market. Our experience suggest It is better to price the property at 5% above the appraised value and hold firm with multiple investors to create a bidding environment then to ask 20% more than the appraised value and see what happens!

Pricing Strategies:

Analysis of income, expenses, cash flow, cap rates (market & actual), GRM’s (market & actual), price per sq ft, cost per unit and comparable sales. NAI will provide a limited scope appraisal methodology comparable analysis (BPO) including realistic financing options including current underwriting

Inspect Property:

Complete knowledge of physical attributes and/or recommendations for capital improvements or repairs.

Marketing Package:

Property set-up, pricing analysis, comparable sales, similar properties currently on the market, rent survey, demographic –economic reports.

Internet WebVest Website Link:

The complete marketing package and other property information will be placed on the WebVest Internet software system to provide easy Internet access and viewing of all of the property information to attract investors or cooperating brokers to be e-mailed out to our network data base.

Mailing Campaign:

Introduction “Just Listed” color 6” x 9” postcard sent to all NAI clients, all local property owners, all real estate agents and brokers that are actively listing or selling similar properties. This post card will also include the property specific website link for easy internet access for information on the property.

Telephone Contact:

Telephone calls made to all clients and surrounding property owners with follow up letters and marketing packages will be sent to all owners of similar properties. NAI will engage additional marketing team if necessary.

Loopnet & WebVest/ Internet Exposure:

Loopnet set up including a marketing package available on Loopnet. Just listed property link to be sent to all local property owners e-mail database. Secondary source of exposure via fax.

Networking:

Network with select brokers, Property Management Companies, Lenders, Insurance Companies, Title Company representatives, CPA’s, Real Estate Attorneys and Escrow Companies.

Advertising:

Weekly ads in newspapers, real estate journals, magazines as appropriate. i.e. L.A. Times classified and Wall Street Journal, etc.

Seller Updates:

Weekly contact with seller to answer questions and offer feedback on buyer response, so that we make the necessary changes or adjustments in order to accomplish the seller’s goals.

Pricing Updates:

Feedback to seller on number of showings or inquiries, number of similar competing properties available and selling including monthly review of recent sales activity and changes in the market (i.e. financing, etc.).

Contract to Closing:

Writing up and Presenting Offers to Seller; Counter-Offer Process, Inspection/Due Dilligence, Buyer’s Loan Process, Escrow and closing

Project Name:	Commercial Investment Summary (DEMO)		
Property Address	12345 Ocean Breeze Ave.		
	Redondo Beach, CA. 90250	Total Building Sq Ft	52,000
Estimated Value	\$10,000,000	Cost / Sq Ft	\$192
Proposed Financing (1st TD)	\$7,000,000	70.00%	Cap Rate 6.68%
Subordinate Financing (2nd TD)	\$0	0.00%	Market Cap Rate 6.68%
Total Financing	\$7,000,000	70.00%	Physical Vacancy 3.72%
Cash Down Payment	\$3,000,000	30.00%	Economic Occupancy 97.83%

Total Net Rentable Area	Vacant Space	Montly Rent	Rent SF	Annual Rent SF	Lease Type
47,559	1,768	\$80,000	\$1.68	\$20.19	Modified Gross

Three story multi-tenant mixed use Retail & Office building located in Hollywood Riviera area of Redondo Beach. Parking consists of three level with 194 spaces. There are two elevators and many suites have ocean views. Location is 1/2 block to the beach and walking distance to the Hollywood Riviera featuring restaurants, boutiques and office buildings. Total Net Rentable area is 43,031 with 39 suites.

Year Built 1980 # Stories 3 Lot Size 1.5 acres Type of Parking Covered

Amenities: Secured Parking, Security, professional on site management, ocean view office Suites, close to beach.

Total Current Base Rents:	\$80,000		
CAM RE Tax Reimbursement	\$4,000		
CAM / Insurance	\$2,000		
Storage	\$1,000		
Other Income (Including Vending)	\$1,000		
Utility Reimbursement	\$2,500		
Total Monthly Income:	\$90,500		
Total Gross Potential Income:	\$1,086,000		
Less Vacancy Allowance:	(\$54,300)	5.00%	
Total Gross Operating Income:	\$1,031,700		
Less Operating Expenses	(\$364,117)	35.29%	
Net Operating Income	\$667,583		
1st TD Debt Service	6.250%	(\$517,202)	
2nd TD Debt Service	0.000%	\$0	
Total Debt Service		(\$517,202)	
Cash Flow after Debt Service		\$150,381	
Cash on Cash Return (ROE)		5.01%	
Estimated Principal Reduction		\$79,702	
Estimated Annual Depreciation		\$206,349	

Annual Operating Expenses	
Real Estate Taxes	\$62,520
Insurance	\$22,937
Utilities	\$71,339
Trash Disposal	\$8,000
Building Maintenance & Repairs	\$24,780
HVAC	\$9,600
Elevator Maintenance	\$14,268
Janitorial	\$23,780
Payroll & Salaries (Security)	\$5,136
Gardening / Landscaping	\$5,760
Property Management	\$42,137
General & Administrative	\$27,780
Advertising & Marketing	\$500
Contract Services	\$11,890
Miscellaneous expenses	\$10,534
Replacement Reserves	\$5,000
TI's & LC's	\$0
Total Operating Expenses	\$345,961
% Gross Operating Income:	33.53%
Expense Per Sq Ft:	\$6.65

Stress Test Analysis

Breakeven Interest Rate	8.862%
Breakeven Vacancy	18.847%
Breakeven Occupancy	81.153%

NAI makes no warranty or representation about the content of this investment summary. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the property. The above information is from sources deemed to be reliable. Please complete your own due diligence and investigations.

	Subject Property	Sales Comp #1	Sales Comp #2	Sales Comp #3
Situs Address	12345 Ocean Breeze Ave.	100 Beach Street	200 Beach Street	300 Beach Street
City, State, Zip	Redondo Beach, CA. 90250	Redondo Beach, CA. 90250	Redondo Beach, CA. 90250	Redondo Beach, CA. 90250



	Commercial Investment Summary (DEMO)	Plaza Retail by the Beach	Plaza Del Mar	Ocean Office Suites
Project Name	Commercial Investment Summary (DEMO)	Plaza Retail by the Beach	Plaza Del Mar	Ocean Office Suites
Sales Price	\$10,000,000	\$8,500,000	\$8,000,000	\$9,000,000
Sale Date		07/01/09	06/01/09	05/01/09
Bldg Sq Ft (NRA)	47,559	44,700	40,000	42,500
Bldg Sq Ft (GBA)	52,000	46,500	42,000	44,000
# Units	32	28	25	20
Average Unit Size	1,486	1,596	1,600	2,125
Rent Per Sq Ft	\$1.72	\$1.70	\$1.70	\$1.70
Cap Rate	6.68%	6.75%	6.88%	6.25%
Value per Sq Ft	\$192	\$190	\$200	\$212
Lot Size	1.5 acres	1.15 Acres	0.95 Acres	1.25 Acres
Property Type	3 Story Office / Retail Building	2 Story Office / Retail	2 Story Office / Retail	3 Story Office / Retail
Year Built	1980	1978	1990	2009
Type of Parking	3 Story in structure	Below ground and open	Below ground and open	Below ground and open
Lease Type	Modified Gross	Modified Gross	Modified Gross (Office)	Modified Gross
Lease Type			NNN (Retail)	
Lease Type			15% Retail & 85% Office	
% Occupancy	97.83%	93.00%	95.00%	50% (Lease up pending)
Amenities				
Amenities	Storage available			
Comments	Some Ocean View Suites			New construction
Comments	Excellent parking	Average parking	Inferior parking	Average parking

Comments / Amenities:

Subject Property	The subject property is located in superior location to the sales comps. The street signage is also superior to the sales comps. (26% retail & 74% office space)
Comparable #1	Similar appeal with inferior location. 20% retail & 80% office space. Average parking.
Comparable #2	Similar appeal with inferior location. 10% retail & 90% office space. Limited parking.
Comparable #3	New construction with similar appeal, inferior street signage and average parking. 15% retail & 85% office space.

	Subject Property	Rental Comp #1	Rental Comp #2	Rental Comp #3
Situs Address	12345 Ocean Breeze Ave.	100 Beach Street	200 Beach Street	300 Beach Street
City	Redondo Beach, CA. 90250	Redondo Beach, CA. 90250	Redondo Beach, CA. 90250	Redondo Beach, CA. 90250
State, Zip				



Project Name	Commercial Demo	Plaza Retail by the Beach	Plaza Del Mar	Ocean Office Suites
Property Type	3 Story Office / Retail Building	2 Story Office / Retail	2 Story Office / Retail	3 Story Office / Retail
Year Built	1980	1978	1990	2009
% Vacancy	2.17%	7.00%	5.00%	N/A (Lease up pending)
Type of Parking	Carport Parking	Below ground and open	Below ground and open	Below ground and open

Lease Type	Modified Gross	\$1,700	Modified Gross	\$825	Modified Gross	\$850	Modified Gross	\$800
	Sq Ft / \$ Sq Ft	1,000		\$1.70		500		\$1.65
Unit Breakdown	Modified Gross	\$850	Modified Gross	\$1,650	Modified Gross	\$925	Modified Gross	\$1,400
	Sq Ft / \$ Sq Ft	500		\$1.70		1,000		\$1.65
Unit Breakdown	Modified Gross	\$3,400	Modified Gross	\$2,000	Triple Net (NNN)	\$1,250	Modified Gross	\$1,650
	Sq Ft / \$ Sq Ft	2,000		\$1.70		1,500		\$1.33
Condition	Superior		Average		Average		Good	
Amenities:	Ocean View							

Comments / Amenities:

Subject Property	Ocean view suites on 2nd & 3rd level. Parking is superior to immediate competition.
Rental Comp #1:	Inferior to subject. Higher vacancy.
Rental Comp #2:	Inferior to subject. Higher vacancy.
Rental Comp #3:	Similar to the subject. New construction.
Comments:	
Comments:	



Financing Options Addendum

www.WilshireLenders.com

www.WebVest.info

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Prepared for: Demo Sample

RE: Commercial Investment Summary (DEMO)

12345 Ocean Breeze Ave.

Redondo Beach, CA. 90250

Date: 6/1/2007

CURRENT / MARKET RENTS	Current Rents	Current Rents	Current Rents	Current Rents	Current Rents
LOAN PROGRAM OPTIONS	ARM- 12 MAT	3-Year Fixed / ARM	5-Year Fixed / Balloon	7-Year Fixed / Balloon	10-Year Fixed / Balloon
PURCHASE PRICE / VALUE	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
LOAN AMOUNT	\$7,042,000	\$7,335,000	\$7,042,000	\$6,951,000	\$6,862,000
LOAN TO VALUE (DCR)	70.42%	73.35%	70.42%	69.51%	68.62%
LOAN TO VALUE (Guidelines)	75%	75%	75%	75%	75%
DEBT COVERAGE RATIO	1.25	1.20	1.25	1.25	1.25
CURRENT INTEREST RATE	5.750%	6.250%	6.500%	6.625%	6.750%
VARIABLE RATE MARGIN	2.55%	2.65%	0.00%	0.00%	0.00%
CEILING (First Adjustment)	10.700%	11.250%	0.000%	0.000%	0.000%
LOAN TERM	30/30	30/30	30/5	30/7	30/10
AMORTIZATION IN YEARS	30	30	30	30	30
MONTHLY PAYMENT	\$41,095	\$45,163	\$44,510	\$44,508	\$44,507
RECOURSE	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable
IMPOUNDS	Taxes & Insurance	Taxes & Insurance	Taxes & Insurance	Taxes & Insurance	Taxes & Insurance
PRE-PAYMENT	1.25, 1.25, 1.25	1.25, 1.25, 1.25	Yield Maintenance	Yield Maintenance	Yield Maintenance
LOAN FEE	1.00%	1.00%	1.00%	1.00%	1.00%

Current financing options from preliminary underwriting as of above date. Please call for current update. To complete a preliminary submission (underwriting pre-qual), please provide the following documentation: Current Rent Roll, 2007-2008 and 2009-YTD Income & Expense (operating history), current Financial Statement or 1003 loan application for the borrowing entity and all applicable individuals, copy of schedule of real estate owned with resume and or profile of property management experience and current credit report if available.

Rates & Terms are subject to change without notice with market conditions.

Operating History & Underwriting Analysis for: Commercial Investment Summary 12345 Ocean Breeze Ave. Redondo Beach, CA. 90250

	2007	2008	YTD-2009 12/31/2009	YTD-ANULZD 12	ACTUAL Current Rents	APPRAISAL Guidelines	FINAL UW	
Gross Potential Base Rent	883,944	930,468	973,572	973,572	960,000	960,000	960,000	
CAM RE Tax Reimbursement				0	48,000	48,000	48,000	
CAM / Insurance	11,538	13,824	17,280	17,280	24,000	24,000	24,000	
Storage	10,878	10,110	13,080	13,080	12,000	12,000	12,000	
Other Income (Including Vending)	7,974	4,926	7,680	7,680	12,000	12,000	12,000	
Utility Reimbursement	28,388	32,986	40,502	40,502	30,000	30,000	30,000	
Total Monthly Income:	942,722	992,314	1,052,114	1,052,114	1,086,000	1,086,000	1,086,000	
Less Economic Vacancy				0	(32,580)	3%	(54,300)	5%
Gross Operating Income	942,722	992,314	1,052,114	1,052,114	1,053,420	1,031,700	1,031,700	
Economic Vacancy %	0.00%	0.00%	0.00%	0.00%	3.00%	5.00%	5.00%	
Economic Occupancy %	100.00%	100.00%	100.00%	100.00%	97.00%	95.00%	95.00%	
OPERATING EXPENSES:								
Real Estate Taxes	52,108	54,138	55,020	55,020	55,020	107,000	55,020	0.550%
Other Taxes & Assessments				0	7,500	7,500	7,500	
Licenses				0	1,500	1,500	1,500	
Insurance	7,168	7,255	7,255	7,255	22,937	23,400	23,400	\$0.45
Utilities	90,000	92,000	71,339	71,339	71,339	71,339	71,339	\$1.37
Trash Disposal	3,993	3,957	6,000	6,000	8,000	8,000	8,000	\$0.15
Pest Control				0	500	500	500	\$0.01
Building Maintenance & Repairs	32,031	12,898	15,170	15,170	23,780	23,780	23,780	\$0.46
HVAC	7,927	8,000	9,600	9,600	9,600	9,600	9,600	\$0.18
Elevator Maintenance	10,288	3,531	10,800	10,800	14,268	14,268	14,268	\$0.27
Janitorial	9,399	12,749	15,060	15,060	23,780	23,780	23,780	\$0.46
Cleaning & Operating Supplies				0	500	500	500	\$0.01
Payroll & Salaries (Security)	4,125	4,241	5,136	5,136	5,136	5,136	5,136	\$0.10
Payroll Taxes / Workers Comp				0	1,500	1,500	1,500	\$0.03
Telephone & Communications				0	500	500	500	\$0.01
Legal & Professional Fees				0	500	500	500	\$0.01
Gardening / Landscaping	3,975	3,986	5,760	5,760	5,760	5,760	5,760	\$0.11
Property Management				0	42,137	41,268	41,268	4.00%
General & Administrative	761	31,971	39,734	39,734	23,780	23,780	23,780	\$0.46
Advertising & Marketing				0	500	500	500	\$0.01
Contract Services	5,032	11,812	14,669	14,669	11,890	11,890	11,890	\$0.23
Miscellaneous expenses				0	10,534	10,317	10,317	1.00%
TOTAL OPERATING EXPENSES	\$226,807	\$246,538	\$255,543	\$255,543	\$340,961	392,318	340,338	
Replacements / Reserves	25,000	10,000	5,000	5,000	5,000	23,780	23,780	\$0.46
TOTAL EXPENSES & RESERVES	\$251,807	\$256,538	\$260,543	\$260,543	\$345,961	416,097	364,117	
Expenses / Sq Foot	\$5.29	\$5.39	\$5.48	\$5.48	\$7.27	\$8.75	\$7.66	
Expenses / EGL %	26.71%	25.85%	24.76%	24.76%	32.84%	40.33%	35.29%	
NET OPERATING INCOME	\$690,915	\$735,776	\$791,571	\$791,571	\$707,459	\$615,603	\$667,583	
1st TD Debt Service	(\$517,202)	(\$517,202)	(\$517,202)	(\$517,202)	(\$517,202)	(\$517,202)	(\$517,202)	
DSCR (Qualifying)	1.34	1.42	1.53	1.53	1.37	1.19	1.29	
2nd TD Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Combined Debt Service	(\$517,202)	(\$517,202)	(\$517,202)	(\$517,202)	(\$517,202)	(\$517,202)	(\$517,202)	
COMBINED DSCR (Qualifying)	1.34	1.42	1.53	1.53	1.37	1.19	1.29	
TI's & LC's				0				
Net Cash Flow (Less TI's & LC's)	\$690,915	\$735,776	\$791,571	\$791,571	\$707,459	\$615,603	\$667,583	
Below The Line DCR (TI's & LC's)					1.37	1.19	1.29	
Historical Capital Improvements	25,000	50,000	10,000					
Breakeven Vacancy					20.52%	14.06%	18.85%	
Breakeven Interest Rate					9.519%	7.987%	8.862%	
Cap Rate					7.075%	6.156%	6.676%	
Loan Amount	\$7,000,000		Interest Rate	6.250%	Qualifying Rate	6.250%	1ST TD LTV	70.00%
Estimated Value	\$10,000,000		Amortization	30			CLTV	70.00%
Total Sq Ft (NRA)	47,559		Subordinate Financing (2nd TD)	\$0	0.00%	Rate	99	Amortization

