

July 14, 2011



To whom this may concern,

Our firm was retained by AEG Worldwide to provide consulting services relative to the development of the proposed Special Event Center (Farmers Field) and the reconfiguration and expansion of the Los Angeles Convention Center (LACC) in downtown Los Angeles, California. Specifically, as part of this analysis we were asked to estimate the anticipated growth in citywide conventions, attendance, roomnights, and economic impact generated from the aforementioned proposed LACC modernization.

In the course of our analysis it was assumed that the development of Farmers Field and the reconfiguration and expansion of LACC could potentially spur the development of approximately 2,400 additional hotels rooms and ancillary developments including additional retail, restaurants, and entertainment venues with proximity to LACC that would continue to raise the profile and competitiveness of Los Angeles as a convention destination. It was also assumed that city's booking policies will remain unchanged and that it is in the best interest of the City of Los Angeles, and therefore the primary role of the LACC to host citywide conventions, which are the largest events that take place at the LACC in terms of roomnights and attendance generated, as well as economic impact to the City of Los Angeles.

The following presents a summary of our key findings and conclusions, which have been fully discussed and detailed at length in prior written reports completed for AEG as part of our consulting engagement and are subject to the assumptions and limiting conditions contained therein.

- Based on our findings, it is anticipated that the LACC can reasonably achieve a significant increase in the number of citywide conventions booked on an annual basis, as well as the number of attendees and roomnights generated from these events.
- As compared to its regional competitors (Anaheim, San Diego, and San Francisco) Los Angeles is currently at a competitive disadvantage in terms of the configuration of available meeting and event space, as well as in terms of the number of hotel rooms within proximity to the LACC.
- The LACC is anticipated to attract not only a greater volume of conventions and attendance, but also benefit from larger conventions and the capture of other organizations and associations that currently do not consider Los Angeles to be a viable convention destination.

- The development of the proposed Special Event Center and the reconfiguration and expansion of the LACC is anticipated to be a catalyst for the development of as 2,414 new hotel rooms, and benefit from the reintroduction of the redeveloped and repositioned 650-room Wilshire Grand Hotel.
- The increases in citywide conventions, roomnights, and attendance is primarily attributable to the reconfiguration and modernization of the LACC facilities, which will increase the amount of contiguous hall space from 346,890 to 562,000 square feet, as well as the introduction of the additional hotel rooms and related amenities.
- The number of citywide conventions is estimated to increase by more than 50 percent on a stabilized basis, from the current level of 24 conventions to 38 conventions on an annual basis.
- As a result of not only hosting a greater number, but also conventions that on average are larger in terms of the number of attendees, the annual number of roomnights attributable to citywide conventions is projected to increase from approximately 270,000 roomnights to 551,000 roomnights.
- Utilizing a conservative industry standard occupancy factor of 1.2 persons per room, it is estimated that the number of overnight delegates registered on an annual basis for LACC citywide conventions will increase from approximately 324,000 to 660,000 persons annually.
- Based on the historical relationship between citywide convention roomnights and total attendance for these events, the number of attendees is anticipated to increase from annually approximately 810,000 to 1,650,000 persons. This figure includes local attendees, volunteers, persons involved with the move-in and move-out of a convention that do not require overnight accommodations, as well as attendees utilizing hotels that are not in the defined “room block” for each convention and, therefore, are not counted in the number of measured roomnights from convention attendees.

The following table summarizes the above detailed findings and estimated incremental growth by measurable category.

<b>Incremental Growth LACC Citywide Conventions</b>		
	Base Case <sup>1</sup>	Proposed <sup>2</sup>
Contiguous Space	346,890	562,000
Citywide Conventions	24	38
Room Nights	270,000	550,000
Room Nights/SF Free Standing Exhibit Space	0.4	0.8
Delegates (x1.2)	324,000	660,000
Average Size (Room Nights)	11,250	14,474
Total Projected Attendance	810,000	1,650,000

<sup>1</sup>Projected 2012 convention year based on the LA INC. Citywide Sales Activity Convention Calendar.  
<sup>2</sup>Stabilized year.  
Source: PKF Consulting

Given the above estimates we have also calculated the estimated economic impact of the proposed development of the Special Events Center and the LACC reconfiguration, modernization, and expansion. Please note, the hotel impact reflects the total impact to downtown hotel room revenue of the proposed redevelopment project. The economic impact reflects only the direct and indirect economic impact from overnight attendees to city-wide conventions.

<b>Incremental Downtown Impact Historical Market Performance of the Competitive Supply</b>							
Year	Annual Supply	Occupied Rooms	Market Occupancy	Average Daily Rate	REVPAR	Room Revenue	TOT
Base	2,187,080	1,640,310	75.0%	\$173.00	\$129.75	\$283,773,630	\$39,728,308
Redevelopment	3,395,230	2,546,423	75.0%	\$185.00	\$138.75	\$471,088,163	\$65,952,343
Incremental	1,208,150	906,113	0.0%	\$12.00	\$9.00	\$187,314,533	\$26,224,035

Based on our analysis, we estimate that the LACC redevelopment and addition of Farmers Field would result in the development of approximately 2,414 guestrooms that would result in \$187,300,000 in additional room revenue. This equates to a 66 percent increase in room revenue. The following presents our conclusions of the potential economic impact of citywide conventions.

<b>Summary of Incremental LACC City-Wide convention Economic Impact</b>			
	Base	Redevelopment	Incremental
Number of Citywide Conventions	24	38	14
Delegates	324,000	661,200	337,200
Room Nights	270,000	551,000	281,000
Total Direct Spending	\$142,105,200	\$317,467,078	\$175,361,878
Multiplier	1.3	1.3	1.3
Total Direct + Indirect Spending	\$184,736,760	\$412,707,201	\$227,970,441

We estimate \$175,400,000 in incremental direct spending from citywide convention delegates as a result of the proposed stadium. Utilizing a 1.3 multiplier, this equates to \$228,000,000 in incremental direct and indirect visitor spending by delegates, exhibitors, and organizers of citywide conventions.

As is customary in assignments of this type, neither our name nor the material submitted may be included in any prospectus, or as part of any printed material, or used in offerings, or representations in connection with the sale of securities, or participation interest to the public, without our prior written consent. This report is subject to the attached Statement of Assumptions and Limiting Conditions.

We appreciate the opportunity to work on this assignment and look forward to answering any questions you may have regarding our preliminary findings and conclusions presented herein.

Sincerely,

*PKF Consulting USA*

A handwritten signature in blue ink, appearing to read "Bruce Baltin", is written over a light blue horizontal line.

By Bruce Baltin  
Senior Vice President

## ***Addendum***

## STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

***This report is made with the following assumptions and limiting conditions:***

**Economic and Social Trends** - The consultant assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic factors were not present as of the date of the letter of transmittal accompanying this report. The consultant is not obligated to predict future political, economic or social trends.

**Information Furnished by Others** - In preparing this report, the consultant was required to rely on information furnished by other individuals or found in previously existing records and/or documents. Unless otherwise indicated, such information is presumed to be reliable. However, no warranty, either express or implied, is given by the consultant for the accuracy of such information and the consultant assumes no responsibility for information relied upon later found to have been inaccurate. The consultant reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

**Hidden Conditions** - The consultant assumes no responsibility for hidden or unapparent conditions of the property, subsoil, ground water or structures that render the subject property more or less valuable. No responsibility is assumed for arranging for engineering, geologic or environmental studies that may be required to discover such hidden or unapparent conditions.

**Hazardous Materials** - The consultant has not been provided any information regarding the presence of any material or substance on or in any portion of the subject property or improvements thereon, which material or substance possesses or may possess toxic, hazardous and/or other harmful and/or dangerous characteristics. Unless otherwise stated in the report, the consultant did not become aware of the presence of any such material or substance during the consultant's inspection of the subject property. However, the consultant is not qualified to investigate or test for the presence of such materials or substances. The presence of such materials or substances may adversely affect the value of the subject property. The value estimated in this report is predicated on the assumption that no such material or substance is present on or in the subject property or in such proximity thereto that it would cause a loss in value. The consultant assumes no responsibility for the presence of any such substance or material on or in the subject property, nor for any expertise or engineering knowledge required to discover the presence of such substance or material. Unless otherwise stated, this report assumes the subject property is in compliance with all federal, state and local environmental laws, regulations and rules.

**Zoning and Land Use** - Unless otherwise stated, the projections were formulated assuming the hotel to be in full compliance with all applicable zoning and land use regulations and restrictions.

**Licenses and Permits** - Unless otherwise stated, the property is assumed to have all required licenses, permits, certificates, consents or other legislative and/or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

**Engineering Survey** - No engineering survey has been made by the consultant. Except as specifically stated, data relative to size and area of the subject property was taken from sources considered reliable and no encroachment of the subject property is considered to exist.

**Subsurface Rights** - No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

**Maps, Plats and Exhibits** - Maps, plats and exhibits included in this report are for illustration only to serve as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

## **STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS**

(continued)

**Legal Matters** - No opinion is intended to be expressed for matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate consultants.

**Right of Publication** - Possession of this report, or a copy of it, does not carry with it the right of publication. Without the written consent of the consultant, this report may not be used for any purpose by any person other than the party to whom it is addressed. In any event, this report may be used only with proper written qualification and only in its entirety for its stated purpose.

**Testimony in Court** - Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal, unless such arrangements are made a reasonable time in advance of said hearing. Further, unless otherwise indicated, separate arrangements shall be made concerning compensation for the consultant's time to prepare for and attend any such hearing.

**Archeological Significance** - No investigation has been made by the consultant and no information has been provided to the consultant regarding potential archeological significance of the subject property or any portion thereof. This report assumes no portion of the subject property has archeological significance.

**Compliance with the American Disabilities Act** - The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We assumed that the property will be in direct compliance with the various detailed requirements of the ADA.

**Definitions and Assumptions** - The definitions and assumptions upon which our analyses, opinions and conclusions are based are set forth in appropriate sections of this report and are to be part of these general assumptions as if included here in their entirety.

**Dissemination of Material** - Neither all nor any part of the contents of this report shall be disseminated to the general public through advertising or sales media, public relations media, news media or other public means of communication without the prior written consent and approval of the consultant(s).

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**Limits to Liability** - PKF Consulting cannot be held liable in any cause of action resulting in litigation for any dollar amount, which exceeds the total fees collected from this individual engagement.

**Legal Expenses** - Any legal expenses incurred in defending or representing ourselves concerning this assignment will be the responsibility of the client.