INVESTMENT OFFERING MEMORANDUM

UNITED STATES POSTAL SERVICE MIDWAY DISTRIBUTION AND PROCESSING FACILTY

SAN DIEGO, CALIFORNIA

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This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property.

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property (the "Owner"), to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. All financial projections and information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions, competition and other factors beyond the control of the Owner and CBRE, Inc. Therefore, all projections, assumptions and other information provided and made herein are subject to material variation. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. In this Memorandum, certain documents, including leases and other materials, are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the full agreements referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner.

Neither the Owner or CBRE, Inc, nor any of their respective directors, officers, Affiliates or representatives make any representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitment or obligation shall arise by reason of your receipt of this Memorandum or use of its contents; and you are to rely solely on your investigations and inspections of the Property in evaluating a possible purchase of the real property.

The Owner expressly reserved the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.

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Executive Summary

CB Richard Ellis, Inc. has been retained as the exclusive Sales Advisor for the U.S. Postal Service – Midway Distribution and Processing Facility (2535 Midway Drive) in San Diego, California. The property consists of 15.68 gross acres located in the Midway/Pacific Highway district of the greater Point Loma area. There are two existing buildings which consist of

(i) 436,000 SF (3 stories) mail processing facility,

(ii) 22,000 SF maintenance facility

INVESTMENT HIGHLIGHTS

- **Significant Redevelopment Opportunity** – The Midway Distribution and Processing Facility provides an outstanding opportunity to purchase a large urban "in-fill" location in one of the older neighborhoods in San Diego.
- **Excellent Location** – The facility is centrally located two miles from Downtown San Diego, is adjacent to the San Diego International Airport. There is two major freeways and has both light-rail and heavy rail transportation for employees and freight. The Midway area is home to major high-tech employers including the Space and Naval Warfare Systems Command (SPAWAR) and Science Applications International (SAIC).
- **Area of redevelopment** – Due to the Base Closure Act, many obselete naval facilities were vacated and redeveloped into multi housing and mix use including Lincoln Property Company's "The Village" and Corky McMillian's "Liberty Station."
- **High Barriers to Entry** – The lack of developable land, coupled with the City of San Diego's stringent development restrictions, creates very high barriers to entry into this exclusive, supply-constrained market.
- **Dynamic Regional Economy** – San Diego County continues as a leader in the national trend towards service, high technology communications, biotechnology and information-oriented industries and away from traditional heavy industry.

Property Overview

Property Address:	2535 Midway Drive, San Diego, CA
Land Area:	15.68 Acres; 683,064 square feet of land
Assessor's Parcel Number:	5720-008-05 & 06
Zoning:	IP-2-1 The zone is to provide space for high quality science and business park development. Development standards are intended to create a campus-like environment with comprehensive site design and substantial landscaping. IP-2-1 allows a mix of light industrial and office uses.
Approximate Building Size (SF):	2 Existing Buildings 436,000 SF (3 stories) mail processing facility built in 1972 22,000 SF maintenance facility

Property Overview

Topography:	Generally fairly level approximately one to five feet above grades of the perimeter streets
Utilities:	Electricity (San Diego Gas and Electric)
	Water & Sewer (City of San Diego)
Shape:	Irregular configuration

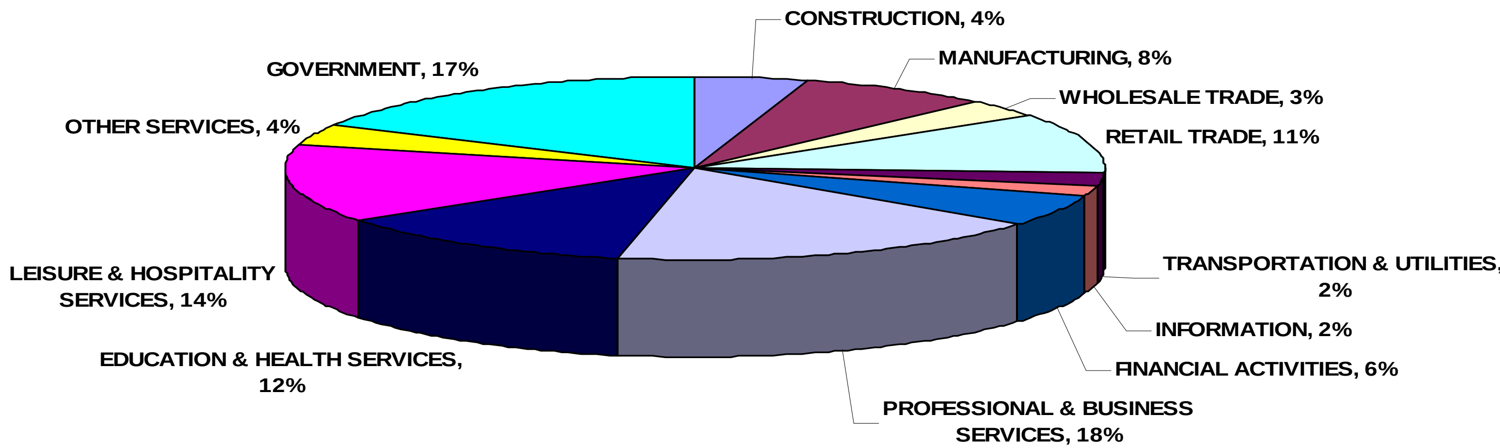
Market Overview

- San Diego County has evolved from a small military town located between Los Angeles and Mexico into one of the nation's most diverse economic and cultural regions. Framed by the Pacific Ocean to the west and mountains and desert to the east, San Diego County's geography creates a unique regional community. The city of San Diego encompasses 342.4 square miles in Central San Diego County and includes densely populated coastal and inland communities. With a population of 1.3 million people, the city of San Diego is the eighth largest city in the United States. North County San Diego is one of the most affluent regions in the state of California and hosts the world's largest golf industry hub. South County San Diego is home to an industrial and manufacturing base fueled by large defense contractors, medium sized family-owned companies and international Maquiladoras. East County San Diego is a mix of established older neighborhoods, rural communities, and expansive open space.

- Over the last two decades, the San Diego region has developed its own progressive identity as a leader in defense development, biotechnology, sustainable energy, wireless and telecommunications technologies, electronics manufacturing and agriculture. Large international corporations like Qualcomm have established their headquarters in San Diego but the regional economy is not dependant on Fortune 500 firms or large companies establishing their corporate headquarters here. San Diego is unique in that relatively small companies comprise the vast majority of employers in the region, creating a dynamic and diverse economy. More entrepreneurial than most markets, an estimated 75% of San Diego companies have 10 employees or less.

Market Overview

- Leading educational institutions such as the University of San Diego, San Diego State University and University of California San Diego are training much-needed engineers for the telecommunications, electronics and software industries, as well as research scientists for the biotechnology industry. Several world-class research institutions call San Diego home, including the Scripps Research Institute, Scripps Institution of Oceanography, Salk Institute and the Burnham Institute. Together, the city of San Diego and the region's distinct communities combine to create the fifth largest county in the nation with a population of 3.1 million people. The 2011 estimated average household income in San Diego County was $80,280 and is projected to increase 3.9 percent over the next five years.



San Diego Office
MarketView

Q3 2013 | CBRE Global Research and Consulting

VACANCY RATE	NET ABSORPTION	CONSTRUCTION	LEASE RATE	UNEMPLOYMENT
14.0%	87,000 SF	694,000 SF	$2.23 FSG	7.4%

*Arrows indicate change from previous quarter

ECONOMIC UNCERTAINTY SLOWS RECOVERY OF SAN DIEGO'S OFFICE MARKET

16 STRAIGHT QUARTERS OF POSITIVE NET ABSORPTION

San Diego's office market continued to improve with 87,437 sq. ft. of positive net absorption. Despite being lower than recent quarters, 16 consecutive quarters of positive net absorption helped average asking rates increase to $2.23.

ECONOMIC UNCERTAINTY SLOWS GROWTH

Fears of a potential war, lingering effects of sequestration, political and budgetary intransigence, the Affordable Care Act, and capital market uncertainties resulted in postponed decisions and a reduced growth rate for the office market.

JOB MARKET CORRECTION

Although San Diego lost 9,700 jobs this quarter, led by federal government cutbacks, the private sector continued to grow. Year-to-date unemployment is down by 90 basis points to 7.4%.

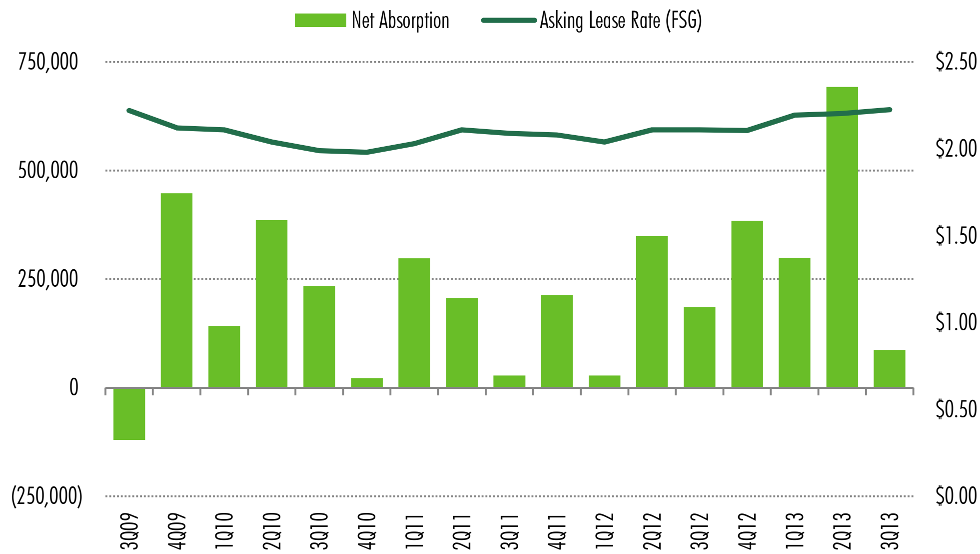
CONSTRUCTION RAMPING UP

Recently announced projects will more than double the amount of construction in San Diego. Several new mid-rise office buildings as well as the first speculative projects since the recession will start this year.

STRONG SALES ACTIVITY

Prudential and Kilroy reinforced their San Diego portfolios this quarter, purchasing nearly one million sq. ft. of high quality office space.

Chart 1: Net Absorption and Asking Lease Rate



San Diego's office market experienced a challenging economic environment in the third quarter, which led to cautious decision making and a slowdown in the recent recovery. Although this was the sixteenth consecutive quarter of positive net absorption, fears of a potential war, lingering effects of sequestration, the Affordable Care Act, capital market uncertainties and political / budgetary intransigence that led to a government shutdown slowed many of the previous quarter's economic gains. Nevertheless the market still produced a positive, yet relatively flat quarter. Average asking lease rates increased slightly to $2.23. This quarter's 87,437 sq. ft. of positive net absorption is far from the rolling four quarter average of 390,000 sq. ft. Vacancy recorded a 10 basis point decrease for the quarter after averaging a 50 basis point-per-quarter decrease over the last year.

THE ECONOMY AND OFFICE EMPLOYMENT

This quarter's sluggish economic outlook saw job growth in San Diego stall with 9,700 jobs being eliminated. Although the private sector continued to grow slightly, the loss was led by the elimination of 13,700 government positions. This reduction in government jobs may not reflect the full extent of cuts as the U-T San Diego reports that more than one-half of federal employees in San Diego have been furloughed one day a week through October. This reduces payroll without increasing unemployment numbers. With the government shutdown becoming a reality all federal employees will face further uncertainty.

The government shutdown could also impact over a quarter of San Diego's jobs which are supported by the defense industry. Because defense industry jobs bring in money from outside the region each defense job supports an average of 2.4 jobs in other industries according to the National University Institute. With this level of dependence on the defense industry, any federal budgetary issues would have a significant impact in San Diego. This follows several quarters of uncertainty for local defense contractors where budget cuts due to sequestration took effect. Although there was much initial uncertainty in San Diego, the result so far has been employment stagnation and a reduction in projected long-term growth within the sector. Until a federal budget is in place, the defense industry is not expected to be a positive driver of San Diego's economic recovery.

CBRE

Although CBRE Econometric Advisors forecasts call for increased growth over the next five years, recent uncertainty caused San Diego's unemployment rate to jump from 6.7% in the second quarter to 7.4% for the quarter. This 70 basis point increase offset much of the decline seen so far this year. However, apart from last quarter's dip, the third quarter still recorded the lowest unemployment rate since December of 2008 and is a mere 10 basis points above the national unemployment rate of 7.3%. Despite the quarter's increase in unemployment San Diego is still healthy both historically and relative to the rest of the country.

Although public sector cuts dragged down San Diego's labor market, pure office-using industries fared well and are expected to be a source of future gains. CBRE Econometric Advisors track certain industries within the financial and service employment sectors in which workers typically occupy office space. Currently 22.5% of the 1.48 million positions in the San Diego-Carlsbad-San Marcos MSA qualify as office-using jobs. Total office-using employment in San Diego is predicted to grow 3.1% per year over the next five years, up from the prior quarter's prediction of 2.9% growth and well above San Diego's overall job growth prediction of 2.1% annually. This should allow office-using jobs to exceed their 2006 peak of 299,600 by the end of 2014.
The tech industry is one of the office-using sectors which expects significant future growth. Nationally, tech firms have added jobs five times faster than other industries. In San Diego, tech employment growth is accelerating as the sector begins to expand, growing at double the rate of the overall job market. Tech firms already make up 43% of the total tenant demand in the San Diego market and their accelerated growth rate will significantly impact future demand in the market. Knowledge-based companies gain a competitive advantage due to their ability to innovate, not due to a cost advantage. Geographic clustering promotes innovation and productivity in the region as well as facilitating talent replacement and can increase rents significantly. Since the second quarter of 2011, rents in the national top 20 tech submarkets have gone from a 2.2% premium to an overall market average of 18.1%. Locally, Sorrento Mesa is the top tech market and currently commands a 5.3% premium above the overall San Diego market. As tech employment increases this gap should also increase.

ASKING LEASE RATE ANALYSIS

Asking lease rates were up to $2.23 this quarter, an increase of $0.03 over last quarter and $0.12 year-over-year. Class B was the primary reason for the gain, increasing $0.05 to $2.15. Rent growth in Class B is due to the "flight-to-value" which has been observed for several quarters. As Class A buildings have filled up and large blocks of available space have become more scarce, asking lease rates have increased beyond the reach of value-conscious tenants. Half of the year-to-date net absorption has been in Class B product, proving that tenants are increasingly seeing Class B buildings as an option. Even though Class A buildings have the highest occupancy rates, Class B buildings have attracted more tenants this year and as a result have had the strongest asking rate increases.

Class B landlords will need to pay close attention to the market to hold on to the gains seen in current asking lease rates. In the UTC submarket Amylin, Lockheed Martin, SAIC/Leidos and LPL will be vacating their buildings, leaving 1.8 million sq. ft. of Class B office and Corporate Headquarters inventory available. The Irvine company has significant holdings in the submarket. In anticipation of this challenging time they have been dividing spaces down to 10,000-15,000 sq. ft. These are much smaller spaces than they might have accommodated historically.

Chart 2: Unemployment Rate (%)

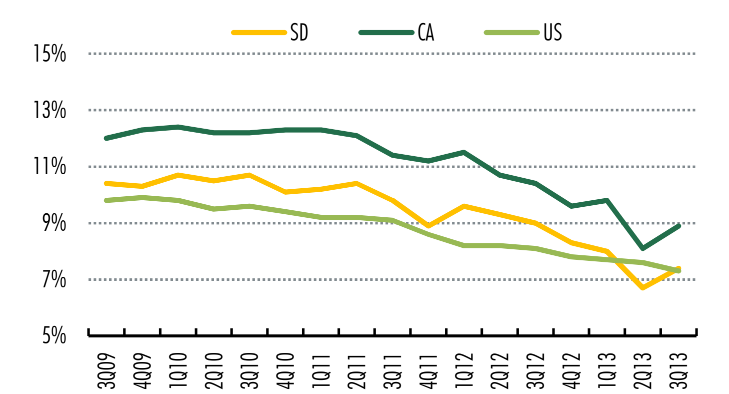


Chart 3: Year-Over-Year Job Growth (%)

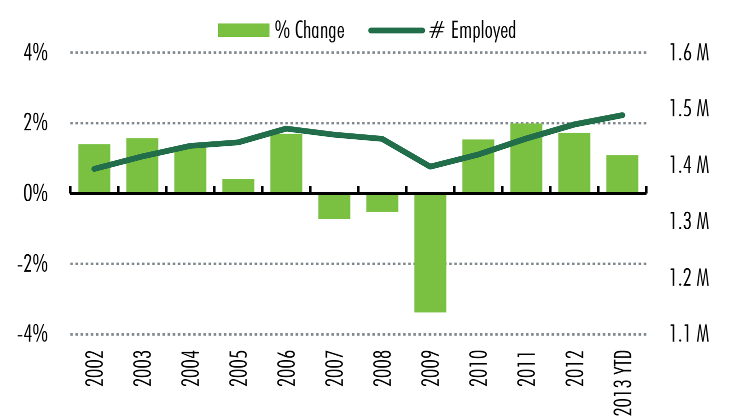


Chart 4: Asking Lease Rate ($PSF/MO/FSG)

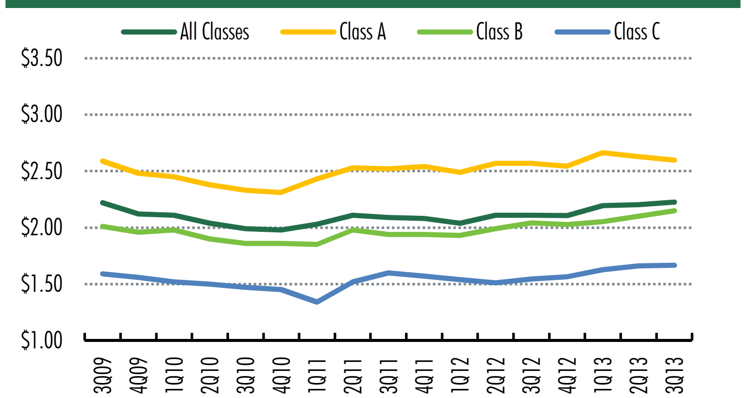


Chart 5: Year-Over-Year Rent Growth (All Classes)

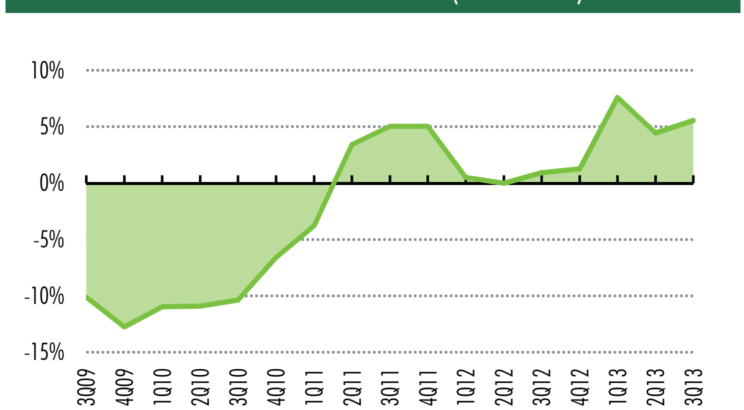


Chart 6: Overall Vacancy Rate (%)

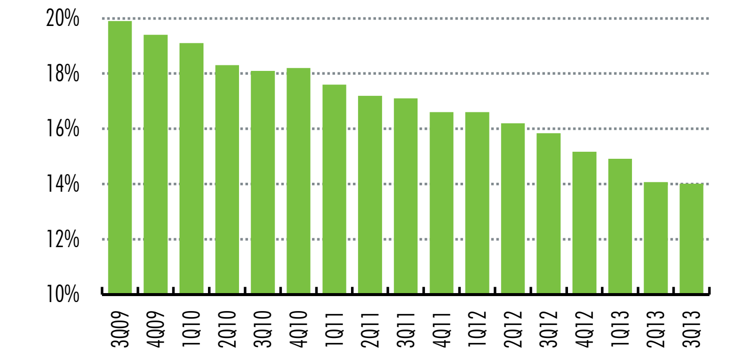


Chart 7: Vacancy Rate by Class

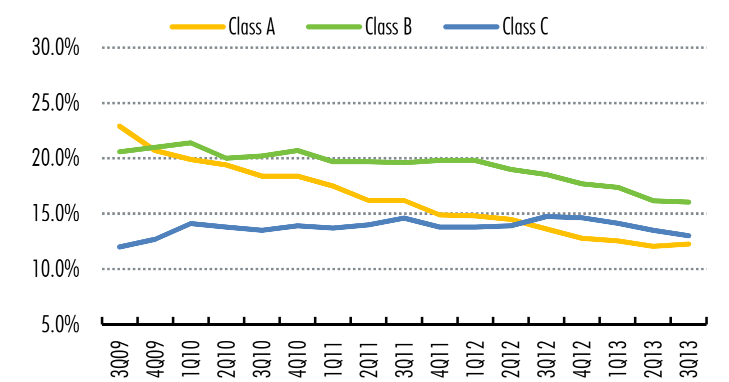


Chart 8: Net Absorption

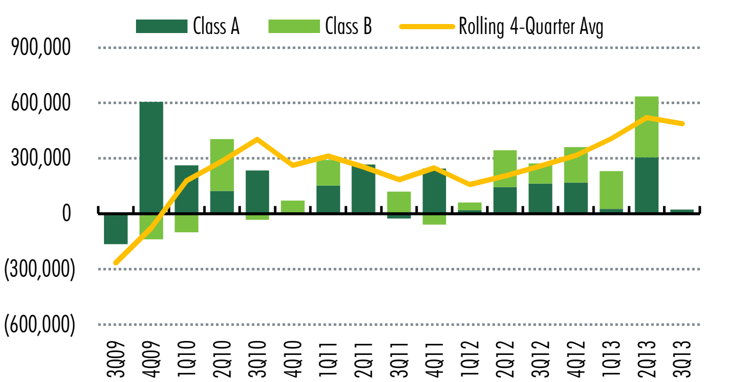
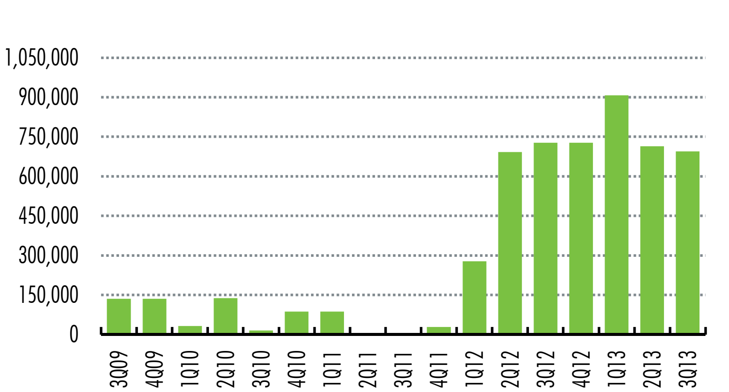


Chart 9: Under Construction (SF)



VACANCY RATE

With the recent economic uncertainty, tenant demand has dropped by approximately 15% from last quarter as business leaders are hesitant to make long-term commitments, especially on spaces over 40,000 sq. ft. Despite these near-term challenges, the office market maintained some of its momentum in the third quarter. San Diego's overall vacancy rate decreased 10 basis points this quarter to 14.0%, a 180 basis point year-over-year decrease. Over the last several years, Class A product has outperformed the rest of the market with vacancy decreasing by 1,060 basis points from its peak in 2009. This was more than double the 430 basis point improvement by Class B and significantly better than the 150 basis point increase in Class C vacancy over the same period.

NET ABSORPTION

After 16 straight quarters of positive net absorption the San Diego market continues to improve with 87,437 sq. ft. of positive net absorption in the third quarter. Despite being less than recent averages, the third quarter was nonetheless positive. The rolling four-quarter average net absorption was down slightly due to the low quarter. However, it was still far above any other time since 2006, showing that the market is still strong despite being held back this quarter by economic uncertainty.

Positive net absorption for the quarter was led by the Downtown submarket with 105,960 sq. ft. Significant transactions that led to the positive net absorption include Kleinfelder and Bumble Bee who are taking advantage of the multiple large blocks of space, comparatively low lease rates and prime urban location to move downtown from Central San Diego. Not to be outdone, Central San Diego has produced 64% of the year-to-date net absorption and is poised to grow significantly as Qualcomm looks to diversify their footprint in the region. They are considering expanding their existing 5.3 million sq. ft. to a new campus, estimated to be between 600,000 and one million sq. ft., which will likely be outside of Sorrento Mesa. As discussed earlier, clustering is important for tech companies, so submarkets outside of Central San Diego are unlikely possibilities.

CONSTRUCTION AND SALES ACTIVITY

The third quarter saw continuing office deliveries in San Diego. In Sorrento Mesa the 250,000 square-foot Qualcomm McKellar Ct. building was delivered; this was an owner-user building and is therefore not a part of CBRE's primary statistics. However, it should still be noted as it represents continuing development in Sorrento Mesa and continuing growth by Qualcomm. In Del Mar Heights, American Assets delivered 20,000-square-feet in its Torrey Reserve development. American Assets plans to break ground on an additional four buildings for a total of 58,000 sq. ft. in the same project over the next two years.

No new construction began this quarter. However, in addition to the 694,266 sq. ft. currently under construction, recently announced projects will more than double the amount of construction in San Diego. The most significant news is that Sempra Energy will move their downtown headquarters to Cisterra's new 300,000-square-foot build-to-suit in the East Village. The first significant speculative construction should commence in early 2014 with Kilroy Realty's planned 180,000-square-foot LEED Gold building at Pacific Corporate Center in Sorrento Mesa. In UTC, the Irvine Company is expected to break ground on a speculative 306,000-square-foot high-rise by the end of 2013.

With over $642 million in sales, this quarter was very active and well above the previous four quarter's average sales volume of $299 million. Prudential and Kilroy were extremely active this quarter, accounting for 62% of the total sales volume. Prudential purchased the 559,141-square-foot Sorrento Towers as well as the 189,490-square-foot Rio San Diego I building. Kilroy's purchase of the 212,882-square-foot Heights at Del Mar reinforced their portfolio in the Del Mar Heights area and provided an entitled land parcel that could be used to immediately satisfy demand in the market. Next quarter should be equally strong with Kilroy's Rancho Bernardo portfolio of over one million sq. ft. in escrow, in addition to eight other major projects totaling nearly 1.6 million sq. ft. currently in escrow or on the market.

Chart 10: Market Statistics

Region	Building SF	Direct Vacancy %	Overall Vacancy %	Current Net Absorption	YTD Net Absorption	Under Construction	Construction Deliveries	Avg Asking Lease Rate
Downtown	11,357,188	14.9%	15.5%	105,960	200,679	0	0	$2.21
South San Diego	2,324,556	20.9%	20.9%	(24,118)	124,259	0	0	$2.10
East County	2,825,397	6.6%	7.2%	12,453	58,182	0	0	$1.43
Central County	38,683,002	11.1%	12.2%	34,730	749,494	492,375	20,000	$2.36
North County	9,145,036	17.6%	18.1%	15,824	25,226	137,000	0	$2.10
SW Riverside	2,546,676	21.2%	21.5%	(57,412)	16,171	64,891	0	$1.52
Suburban Totals	55,524,667	12.8%	13.7%	(18,523)	973,332	694,266	20,000	$2.23
San Diego Totals	66,881,855	13.2%	14.0%	87,437	1,174,011	694,266	20,000	$2.23
Class A	*25,283,553*	*11.1%*	*12.3%*	*22,392*	*393,229*	*652,466*	*20,000*	*$2.60*
Class B	*27,981,782*	*15.3%*	*16.1%*	*(3,012)*	*571,269*	*41,800*	*0*	*$2.15*
Class C	*13,616,520*	*12.9%*	*13.0%*	*68,057*	*209,513*	*0*	*0*	*$1.67*

Chart 11: Key Transactions

Leases

Occupier	Industry Sector	Location	Building Class	SF Leased
Sempra Energy	Utilities	Downtown	A	300,000
City of San Diego	Government	Downtown	A	95,105
Rady Children's Hospital	Healthcare	Kearny Mesa	A	80,281
Wells Fargo *	Financial Services	Sorrento Mesa	B	61,249
Alliant Insurance *	Insurance	Downtown	A	54,442

* Renewal

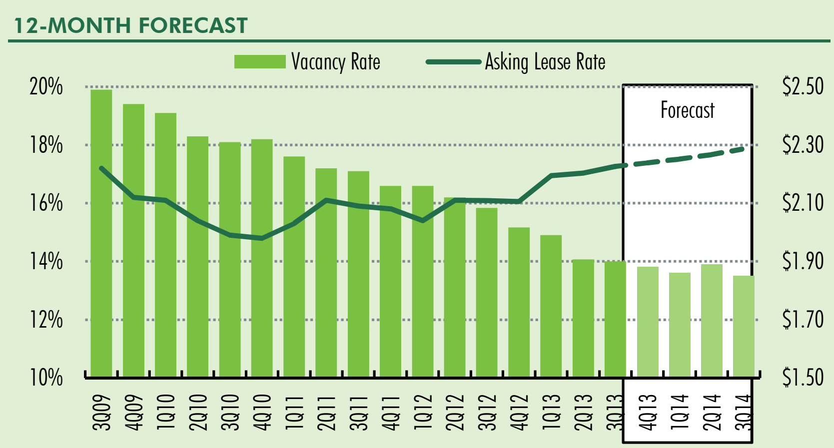
Sales

Property	Buyer	Location	Price per SF	Building SF
Sorrento Towers	Prudential	Sorrento Mesa	$ 397	559,141
The Heights at Del Mar	Kilroy Realty	Del Mar Heights	$ 530	212,882
Rio San Diego I	Prudential	Mission Valley	$ 301	189,490
Columbia Square	Emmes and Co	Downtown	$ 244	143,574
Carmel Valley Center	Realty Income	Del Mar Heights	Confidential	110,511

Chart 12: Market Outlook

San Diego office vacancy has shown a steady downward trend since the third quarter of 2009. After leveling off this quarter at 14.0%, the overall office vacancy rate is expected to bounce around before eventually decreasing to 13.5% by the third quarter of 2014.

After bottoming out in the fourth quarter of 2010, the average asking office lease rate has shown moderate improvement and is expected to increase by $0.06 to $2.29 over the next four quarters.



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