

Q1 2013



West Hollywood Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

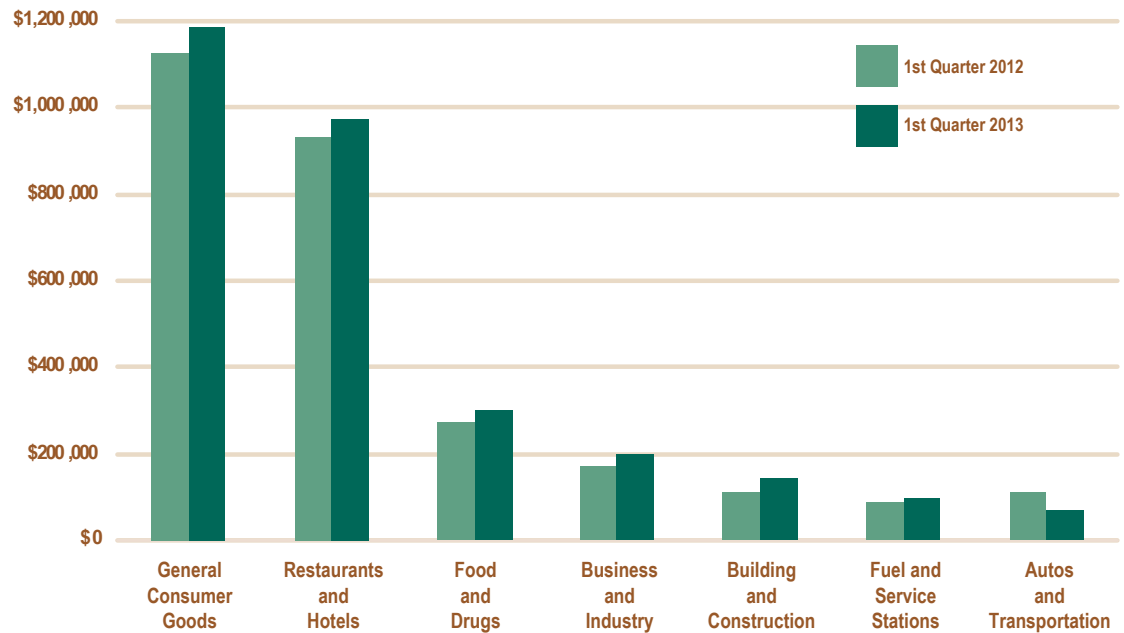
West Hollywood In Brief

The allocation of tax revenues from West Hollywood's January through March sales was 6.4% higher than the same quarter of 2012. The data was slightly skewed by accounting anomalies that temporarily deflated receipts from home furnishings and the auto-transportation group while inflating family apparel, grocers and contractor supplies. Actual sales activity was up 7.4% when these and other aberrations were factored out.

Recent additions and a solid quarter for restaurants, apparel and the architectural design and furnishings industry all contributed to the actual increase. A rise in the countywide use tax allocation pool resulting from the earlier passage of AB155's expanded definition of nexus for out-of-state companies required to collect California's sales tax was also a factor.

Adjusted for aberrations, sales and use tax receipts for all of Los Angeles County increased 4.9% over the comparable time period while Southern California as a whole was up 6.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

| | |
|--------------------------------|-----------------------------|
| Ann Sacks Tile & Stone | Pavillions |
| Best Buy | Rag & Bone |
| BOA Steakhouse | Ralphs La Brea |
| Ceconis | Shell |
| Christian Louboutin | Soho House |
| CVS Pharmacy | Sunset Tower & Tower Bar |
| Gelsons Market | Target |
| Hornburg Jaguar | Tesoro Refining & Marketing |
| John Varvatos | The Abbey |
| Kitson | The London West Hollywood |
| Maxfield Bleu | Trader Joes |
| Modani Los Angeles | Whole Foods Market |
| Mondrian/Asian de Cuba/Sky Bar | |

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

| | 2011-12 | 2012-13 |
|--------------------------|----------------------|----------------------|
| Point-of-Sale | \$11,421,401 | \$11,743,689 |
| County Pool | 1,257,215 | 1,399,174 |
| State Pool | 4,474 | 6,098 |
| Gross Receipts | \$12,683,090 | \$13,148,961 |
| Less Triple Flip* | \$(3,170,773) | \$(3,287,240) |

*Reimbursed from county compensation fund

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

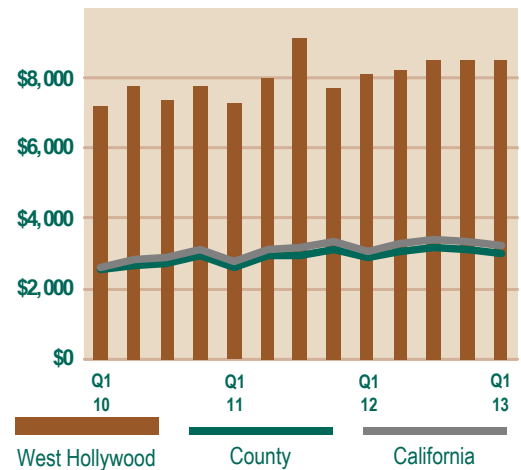
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



WEST HOLLYWOOD TOP 15 BUSINESS TYPES

| Business Type | West Hollywood | | County | HdL State |
|---|------------------|--------------|-------------|----------------------|
| | Q1 '13* | Change | Change | Change |
| Contractors | 67.6 | 57.2% | -1.6% | 6.0% |
| Discount Dept Stores | — CONFIDENTIAL — | | 5.4% | 5.1% |
| Electronics/Appliance Stores | 162.6 | -13.4% | -0.6% | -3.3% |
| Family Apparel | 247.3 | 71.5% | 16.7% | 16.2% |
| Grocery Stores Beer/Wine | 55.2 | 4.8% | 1.5% | 0.6% |
| Grocery Stores Liquor | 141.9 | 41.4% | 64.0% | 24.7% |
| Home Furnishings | 205.9 | -13.8% | 2.6% | 4.7% |
| Hotels-Liquor | 112.8 | 15.5% | 1.4% | 5.7% |
| New Motor Vehicle Dealers | — CONFIDENTIAL — | | 4.5% | 9.5% |
| Restaurants Beer And Wine | 110.8 | -1.7% | -1.7% | -1.5% |
| Restaurants Liquor | 652.2 | 3.7% | 7.7% | 6.5% |
| Restaurants No Alcohol | 95.9 | 5.6% | 4.4% | 6.0% |
| Service Stations | 96.6 | 9.9% | -6.0% | -2.2% |
| Specialty Stores | 83.7 | -4.7% | -4.5% | 2.5% |
| Textiles/Furnishings | 126.0 | 35.7% | 1.4% | -7.9% |
| Total All Accounts | \$2,967.0 | 5.5% | 5.0% | 5.7% |
| County & State Pool Allocation | 348.4 | 15.6% | | |
| Gross Receipts | \$3,315.4 | 6.4% | | <i>*In thousands</i> |